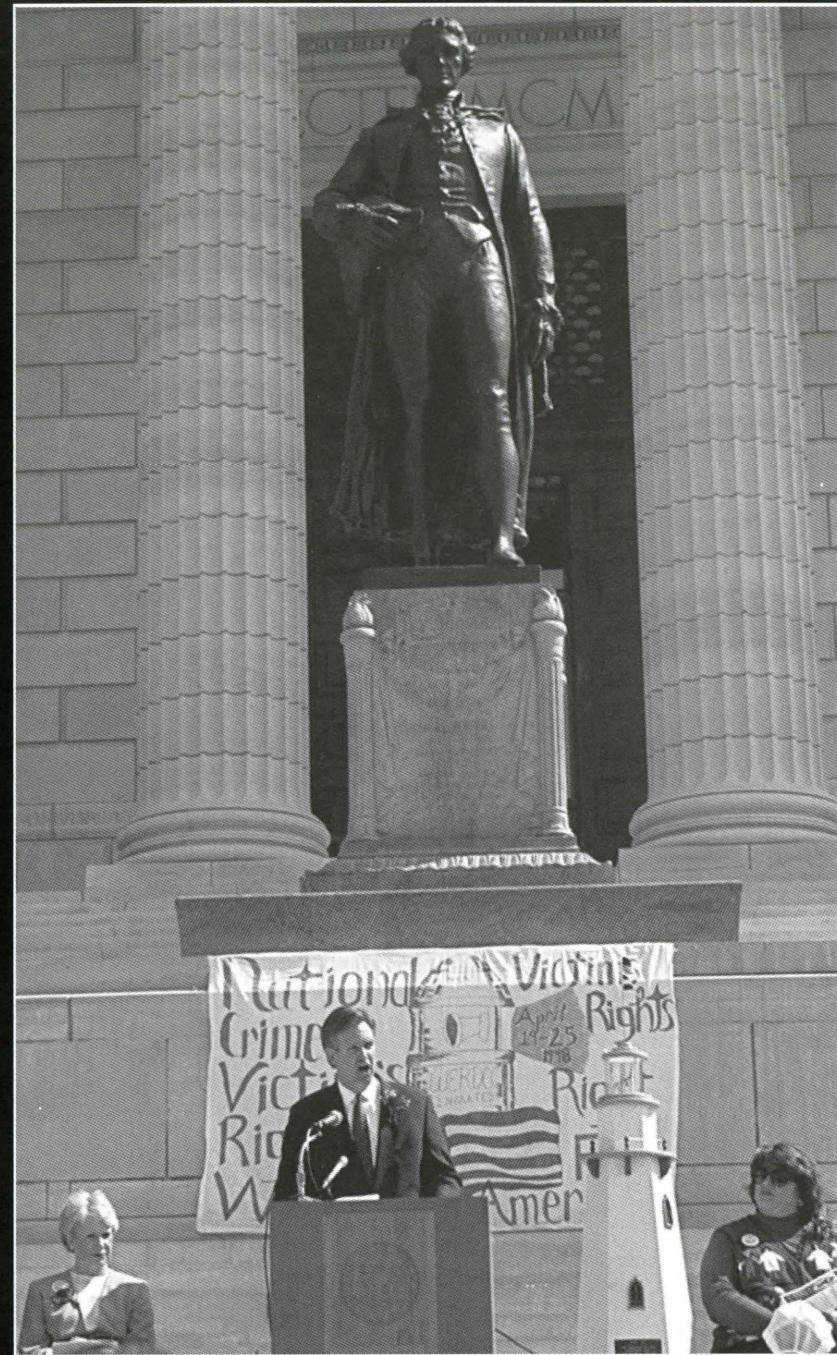


MO
ATG
1:998

MISSOURI STATE LIBRARY
01907 0070660 8



ANNUAL REPORT '98

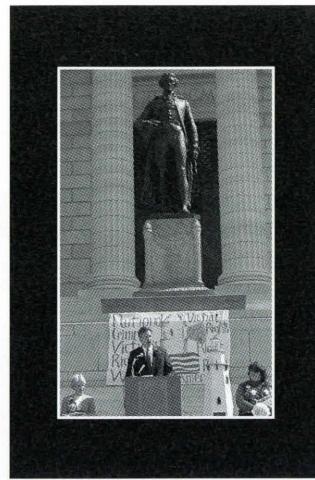
Office of Missouri Attorney General
Jeremiah W. (Jay) Nixon



MISSOURI STATE LIBRARY

APR 13 1999 6 19

DEPOSITORY DOCUMENT



ANNUAL REPORT '98

FROM

**MISSOURI
ATTORNEY
GENERAL
JEREMIAH W.
(JAY) NIXON**

1998
**ANNUAL
REPORT**

A MESSAGE FROM

**ATTORNEY GENERAL
JEREMIAH W. (JAY) NIXON**



READ ACROSS AMERICA: Attorney General Nixon and Georganne Wheeler Nixon read to second-graders in Jefferson City in recognition of "Read Across America," a new nationwide campaign touting the benefits of reading.

THERE IS NO GREATER opportunity in state government to serve the public than through the Attorney General's Office. Through aggressive representation of state agencies, and as the people's lawyer, this office has a unique opportunity and responsibility to advocate for public good. Every single employee plays a role in this endeavor. To each employee, I extend my sincere appreciation for a job well done in 1998.

The 1998 Annual Report presents a review of our accomplishments and reminds us that we are working to implement the will of the people.

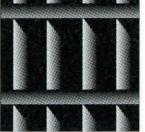
Whether we are standing up for consumers against powerful corporations, protecting Missouri's environmental resources, working to

bring justice on behalf of a victim's family, or providing legal counsel to a government commission or board, we are fighting to uphold the laws of Missouri. In so doing, we are standing up for all Missourians.

The 1998 Annual Report demonstrates the depth of our commitment to the citizens of Missouri. We have taken on major battles as part of that commitment and, in so doing, we have directed public policy on behalf of those who would have no other voice. Thus, it is my pleasure to present the 1998 report on the activities of the Attorney General's Office.

1998 ANNUAL REPORT

INSIDE

1998						
CHAPTER	CHAPTER	CHAPTER	CHAPTER	CHAPTER	CHAPTER	CHAPTER
1	2	3	4	5	6	7
A Year in Review	Criminal Division	Consumer Protection Division	Environmental Protection Division	Labor Division	Litigation Division	Governmental Affairs Division
PAGE	6	24	28	32	36	38
						42

CREDITS

Michelle Gleba
coordinated and
compiled
information for the
1998 Annual Report.

Peggy Davis
compiled
information,
edited and designed
the publication.

JANUARY

Jan. 12: The U.S. Supreme Court refuses to hear the habeas corpus petition of Reginald Powell, convicted of killing two brothers in St. Louis in 1986. On **Feb. 26**, he is executed.

Jan. 14: Consumer Protection Division attorneys obtain a consent injunction and a \$38,000 judgment against a siding manufacturer, home builder and real estate agent who misrepresented that siding on homes in St. Charles was "maintenance free" and superior to vinyl siding.

Jan. 18: The U.S. Army Reserve honors Nixon during a ceremony in St. Louis. Maj. Gen. William F. Allen of the 89th Regional Support Command recognized Nixon for his commitment to employee participation in the Reserve.

Jan. 20: Criminal charges are

filed against two Hannibal men for operating a driveway-repair scam in Christian County. George Fogle and William Ledbetter allegedly pressured an elderly woman into giving them \$900 cash and her checkbook after they did unauthorized, worthless work. On **Nov. 24**, Fogle is found guilty. On **Feb. 22, 1999**, he is sentenced to seven years in prison.

Jan. 20: Consumer attorneys obtain a guilty plea from a stock broker in Greene County who used money he received from consumers to invest in his own stocks. Randal Stump was ordered to pay \$73,000 in restitution to victims.

Jan. 21: DirecTV, a satellite broadcasting service, agrees to pay \$28,000 in investigative costs to Missouri in a multistate agreement resolving allegations that the company misled customers by removing certain channels in a one-year, prepaid subscription offer.

Jan. 21: Governmental Affairs Division attorneys sue a former acting medical examiner for fabricating autopsy reports that showed he had dissected eight brains. On **March 24**, Michael Berkland is permanently barred from serving as a medical examiner in the state. On **Sept. 3**, the Administrative Hearing Commission rules that Berkland's license is subject to discipline by the Board of Healing Arts.

Jan. 22: A Polk County man pleads guilty to charges of

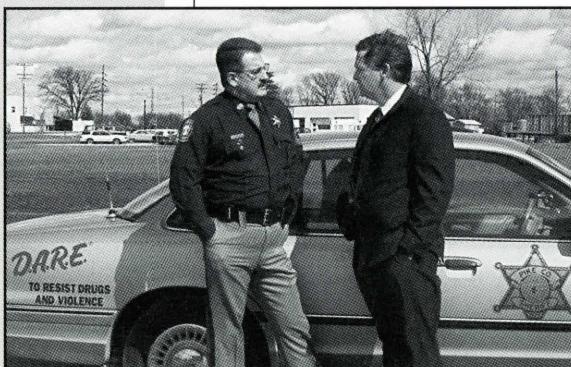
consumer fraud and is ordered to pay \$60,000 in restitution. Daniel O'Leary sold the same hay to several people and also leased the same piece of farm land to several people.

Jan. 23: A Springfield lawyer, who admitted stealing more than \$500,000 from a charitable trust, is sentenced to 37 months in prison without parole. The judge also ordered Garry Champion to repay \$545,208 and to serve three years' probation after his release from prison.

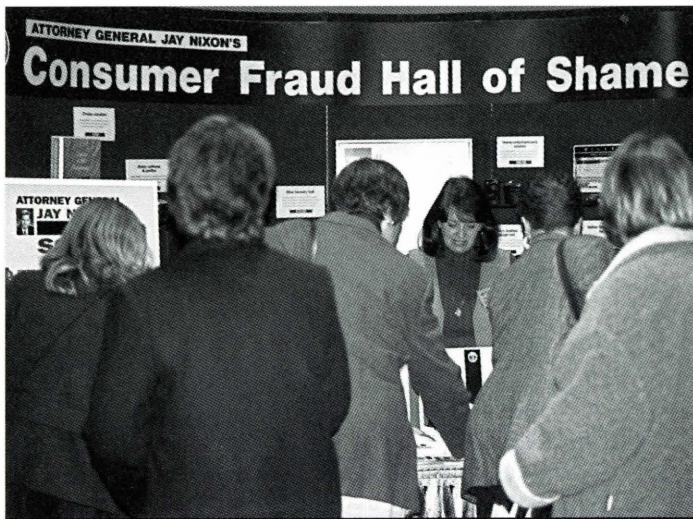
Jan. 26: Consumer attorneys obtain restitution for 47 consumers who had complained about a St. Louis company that referred apartments and homes. Homex and its officers allegedly misrepresented the quality of rentals, falsely said they had exclusive listing relationships with landlords and maintained an unfair refund procedure.

Jan. 27: The state Supreme Court confirms the position of the AG's Office that the trial court may only issue administrative orders in disputes between county assessors and the State Tax Commission. A circuit court had ordered the state to pay reassessment costs to Dunklin County, which had sued the commission.

Jan. 28: Nixon joins the Missouri Coalition Against Domestic Violence and the National Council of Jewish Women in support of state legislation to establish a statewide system for reporting domestic violence-related homicides.



Feb. 27: Nixon, right, visits with Pike County Deputy Sheriff Scott Burton, a D.A.R.E. officer, following dedication ceremonies at Northeast Correctional Center near Bowling Green.



Jan. 29: Consumer attorneys obtain a temporary restraining order to stop officials of the Coeur d'Alene Indian tribe and two affiliated companies from offering and promoting online lottery gambling in Missouri.

Jan. 29: A Marshall psychologist is convicted of five felony charges of stealing by deceit and making a false statement to receive a Medicaid payment. On **March 10**, Millard Mann is sentenced to eight years in prison.

Jan. 30: The state Supreme Court sets an execution date for Milton Griffin, convicted of murdering Lorena Trotter and Jerome Redden during a robbery of their St. Louis apartment in 1986. On **March 25**, he is executed.

FEBRUARY

Feb. 5: Environmental Protection Division attorneys win a hearing before the Missouri Land Reclamation Commission shutting down North American Resources Co., a 392-acre coal mining operation in Randolph County. A bond securing the company's obligation to reclaim mined

areas also was forfeited. The company had not corrected operational violations or kept up with reclaiming mined areas, for which bond proceeds of \$728,000 will be used.

Feb. 9: The AG's Office sues Blue Cross and Blue Shield of Missouri and its subsidiaries for allegedly overcharging members for co-payments. The AG's Office accused the insurer of not passing along to customers discounts it got from hospitals and other providers.

Feb. 10: A former West Plains psychiatrist is sentenced to 133 years in prison. William Cone had been convicted of sexual assault and deviate sexual assault of two female patients.

Feb. 11: Nixon calls for a renewed effort against discrimination in public housing at the Governor's Conference on Housing. He says the vision for public housing in Missouri cities should be expanded to ensure accessibility for eligible residents.

Feb. 13: Governmental affairs attorneys obtain a preliminary injunction against Hope Funeral Home. The Gallatin mortuary was not licensed.

FRAUD CONTROL

Consumer education coordinator Terry Nichols distributes publications during the Working Women's Survival Show in St. Louis. The Consumer Fraud Hall of Shame made stops at fairs and festivals throughout the state in 1998. The exhibit shows the types of products scam artists hawk and provides fraud-fighting information.

Feb. 17: The AG's Office presents the Lichtenstein Foundation, a St. Louis charitable trust, with \$259,760. The restitution was paid by a former foundation director sued by governmental affairs attorneys in 1997 for misappropriation of trust funds.

Feb. 18: The AG's Office is appointed to assist the Maries County prosecutor in a triple homicide case near Vichy. Mark Christeson and Jesse Carter, both of Vichy, each had been charged with three counts of first-degree murder and one count of armed criminal action for the slaying of a woman and her two children.

Feb. 23: Nixon approves an agreement by Tenet Health System Hospitals to commit at least \$10 million annually in community benefit and charity care in exchange for buying St. Louis University Hospital. He says the sale met requirements of state nonprofit and charitable trust laws.

Feb. 27: Nixon promotes the benefits of alternative schools during the dedication of the new 1,900-bed Northeast Correctional Center near Bowling Green. Nixon said at-risk youth must become productive so they will not end up incarcerated.



The Consumer Protection Division

provides a new publication informing renters and landlords about the state landlord-tenant law, which was extensively revised in 1997.

Year-end review

Slamming
and
CrammingA CONSUMER GUIDE
FROM ATTORNEY GENERAL JEREMIAH W. (JAY) NIXON

MARCH

March 4: Consumer attorneys obtain a temporary restraining order against 1st Voicemail and its affiliated businesses, preventing the Texas business from falsely billing consumers or making misrepresentations in solicitations.

March 4: Consumer attorneys file an injunction against a Houston company accused of using a contest entry form to bill a \$4.96 activation fee and a usage fee for a long-distance calling card. On **Sept. 15**, RRV Enterprises, which also operates as Consumer Access, is ordered to pay \$35,000 to a state consumer fund.

March 4: Consumer attorneys sue a Texas company for allegedly using contest entry forms and forged letters of authorization to slam consumers' long-distance phone service. On **Nov. 23**, Telcam is ordered to pay \$27,500 in penalties and costs to Missouri.

March 4: Consumer attorneys sue Axces of Texas and Coral Communications of Florida for using hard-to-read type on contest entry forms to tell consumers they are switching or adding to their phone service. On **May 18**, Coral is ordered to pay \$45,000 to the state and more than \$88,000 in refunds to 6,322 Missourians. It also must pay \$50,000 and post an annual \$1 million bond if it wants to do business in Missouri.

The Consumer Protection Division

provides a new publication warning Missourians about companies slamming (switching long-distance carriers) and cramming unauthorized services onto phone bills.

March 6: A Springfield engineer is found to have incompetently practiced structural engineering on three Branson projects, including a restaurant and a three-story retail-office center. The engineering license of Ralph Tate was suspended for two years followed by five years' probation, during which time he cannot practice engineering.

March 6: Michael Kramer is sentenced to four years in prison for violating his probation for securities violations in a case handled by consumer attorneys. He hid in Canada after he was placed on probation in 1990.

March 9: Environmental attorneys obtain a contempt order against Lincoln County mobile home park developers for ongoing violations of a 1995 injunction. The order calls for about \$20,000 in fines and upgrades to the park's wastewater treatment system at Highland Estates.

March 18: Nixon presents checks totaling \$100,000 to 13 school districts in northeast Missouri that were victims of an illegal bid-rigging conspiracy by several dairies in the 1980s. The dairies conspired to rig bids on milk products sold to schools in Missouri, Illinois and Iowa.

March 20: The Missouri Supreme Court sets an execution date for Glennon Paul Sweet, convicted of shooting to death Highway Patrol trooper Russell Harper during a traffic stop in 1987. On **April 22**, he is executed.

March 23: BCE Construction pays \$3,500 in penalties for violating the state prevailing wage law after Labor Division attorneys filed suit. The

Springfield company did not pay some workers appropriate prevailing wages and benefits on a public project for the city of Springfield. The company also paid workers \$9,121 in restitution.

March 26-27: More than 275 investigators from throughout the state participate in the second annual State Investigators Training Seminar sponsored by the AG's Office. The state investigators learned about testifying in court, report writing, interview and interrogation and liability issues.

March 26: Environmental attorneys sue the owners of two waste-tire sites near Wardell and Doniphan for air pollution violations caused by two fires. On **April 8**, R.V. and Mavis Wilson are assessed a civil contempt penalty of \$18,250 for failing to comply with two earlier court orders requiring them to clean up the sites.

March 27: A Farmington doctor pleads guilty to five counts of Medicaid fraud. Carl Artman billed Medicaid for physical exams he did not perform. On **June 26**, he is sentenced to five years' supervised probation during which time he can't reapply for a medical license. He also is ordered to pay more than \$7,000 in restitution and investigative and court costs.

March 30: A Thayer woman pleads guilty to voluntary manslaughter and gets the maximum 15-year sentence for shooting her husband in a domestic altercation. Sandra Douglas also was sentenced to a consecutive three years for armed criminal action.

March 30: Nixon signs an agreement with the Nebraska



attorney general protecting Missouri farmers caught in a border dispute between Nebraska and Missouri. The agreement protects landowners from paying back-taxes on disputed property on the east side of the Missouri River. The river frequently shifted before channelization in the 1930s, causing sections of land in one state to end up on the other side of the river and prompting rival tax claims.

March 31: A Blue Springs dentist is indicted for allegedly receiving more than \$64,000 in Medicaid payments based on false claims. Frank Meyer was charged with 31 counts of making false claims and theft of funds. The U.S. Attorney's Office filed suit following an investigation by the AG's Office with help from the FBI.

APRIL

April 3: Litigation Division attorneys collect more than \$3,000 from an inmate to fully reimburse the state for his four-month prison stay. Andrew Richardson won a \$1 million jackpot in the Missouri Lottery in 1996, taking \$500,000 in a cash payout. The Charleston man had received a three-year sentence for a DWI conviction and was released on probation.

April 6: Environmental attorneys sue Kevin Altom and Tom Korte, owners of the defunct Korte Quarries, for not complying with air pollution regulations and for breach of contract over an earlier settlement agreement with the state.

April 6: Litigation attorneys successfully defend the AG's Office in federal court against

TOBACCO COMPANIES MUST PAY RECORD \$6.7 BILLION

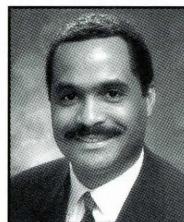
Nixon accepted a record \$6.7 billion tobacco settlement for Missouri in 1998. Nixon had sued the major tobacco companies for illegally targeting youth with marketing campaigns for tobacco products and for lying to the public about tobacco products.

March 12: Liggett Group agrees to release documents and hidden research on the addictiveness of nicotine for state evidence in cases against other tobacco companies under a settlement reached by Nixon and 13 other state attorneys general.

March 24: Bennett LeBow, CEO of Liggett, joins Nixon in testimony before the Missouri House Judiciary Committee. Nixon requested LeBow's testimony regarding evidence that companies knew the addictiveness of tobacco and suppressed research information showing nicotine was addictive and tobacco caused cancer. The Rev. B.T. Rice of the St.

Louis Clergy Coalition also testified. Rice was a national leader in opposing Joe Camel and other ads that targeted young African Americans.

May 22: Reuben Shelton, president of the Bar Association of Metropolitan St. Louis, is appointed special chief counsel for litigation at the AG's Office and a lead attorney in the state's tobacco lawsuit.



Shelton

June 29: Springfield lawyer Tom Strong is appointed special assistant attorney general in the state's tobacco lawsuit.

Nov. 19: The tobacco companies agree to pay \$6.7 billion to Missouri over 25 years and implement significant legal reforms. The companies also must pay the legal bills of the state's tobacco lawyers. Missouri was one of 46 states that signed on to the historic \$206 billion deal with tobacco companies.

an inmate's lawsuit alleging he was threatened with "punitive actions" if he did not dismiss a case. The office had sent letters to Missouri inmates telling them to dismiss pending cases or the office would seek costs if a judge found the lawsuits frivolous. In a similar case on **April 24**, the 8th Circuit Court of Appeals rules that inmates cannot challenge a state law that has not harmed them. The ruling upholds a district court decision in which a group of prisoners had challenged a Missouri law

that has dramatically reduced the number of frivolous inmate lawsuits.

April 14: Governmental affairs attorneys obtain a settlement against real estate broker Dale Roach on behalf of the state Real Estate Commission. The St. Louis broker did not refund fees to several consumers who pre-paid for licensing courses that were canceled. Roach's license was suspended and he was ordered to pay nearly \$900 in restitution.

1998

Year-end review

April 15: Litigation attorneys representing the Department of Corrections are granted summary judgment on a prison worker's claim of racial and religious employment discrimination, finding that "not everything that makes an employee unhappy is actionable."

April 17: Nixon opposes the U.S. Navy's plans to transport munitions and other wastes through Missouri. Nixon said the Navy could have violated the National Environmental Policy Act by not properly notifying the public when it attempted to transfer 12,000 gallons of napalm by rail through the state.

April 17: The AG's Office obtains a temporary restraining order barring Tenet from buying Doctor's Regional Medical Center in Poplar Bluff and merging it with Tenet-owned Lucy Lee Hospital, also in Poplar Bluff.

April 20: A St. Louis fence contractor pleads guilty to eight counts of consumer fraud and was sentenced to nine months in jail. Bill Lynn Johnson was indicted by a St. Louis County grand jury at the request of consumer attorneys. He also was sued civilly by consumer attorneys for nine other transactions. On **Dec. 18**, consumer attorneys obtain a permanent injunction against Johnson, who admitted he owes \$3,686 in restitution.

April 21: Pepper Coffman and Stacey Jones plead guilty to murdering Harold Hutchinson during a botched burglary in Douglas County in 1997. Criminal Division attorneys prosecuted the two cases. Coffman pleaded guilty to first-

degree murder, arson and burglary. Jones pleaded guilty to second-degree murder, arson and burglary. On **Aug. 4**, Jones is sentenced to 29 years in prison. On **Nov. 3**, Coffman is sentenced to life imprisonment without parole plus 22 years.

April 22: Governmental affairs attorneys obtain a permanent injunction against a professional engineer who continued to practice after his license was suspended by a state licensing board. Robert Volz consented to the injunction after the AG's Office produced two witnesses at the hearing.

April 23: A Creve Coeur hypnotherapist who convinced or coerced some of her patients into believing they were the victims of ritual or satanic abuse pleads guilty to felony criminal charges of insurance fraud and a misdemeanor charge of practicing psychology without a license. On **June 26**, Geraldine Lamb is sentenced to 2 1/2 years in prison, as recommended by consumer attorneys.

April 23: Governmental affairs attorneys sue a hazardous waste generator for failing to pay more than \$15,000 in taxes and fees to the state. The Illinois company had shipped hazardous waste to Missouri for disposal. State regulations require hazardous waste generators to register and pay taxes and fees.

April 24: Consumer attorneys obtain a temporary restraining order against a business with a phony clinic in Kansas City that sold a knock-off impotence drug with a name similar to Viagra, a popular impotence drug. On **May 18**, American Urological Clinic is ordered to

pay full refunds to Missourians who ordered the knock-off Viagra and \$167,500 in civil penalties and investigative costs.

April 26: The AG's Office Committee raises \$750 for the March of Dimes Walk-a-Thon in Jefferson City and Columbia. This is the second straight year that the office supported the walk, which raised money to help fight birth defects and low birth weight.

April 27: Nixon warns college-bound students and their parents to beware of a \$25 campus card ID. A letter from the National College Registration Board misled parents by stating that the card, issued to registered college students, was required for many services and purchasing privileges. On **July 8**, the company agrees to pay \$67,000 in refunds under a settlement obtained by Missouri and 25 other states.

April 27: Environmental attorneys sue three owners of a sewage lagoon at a Kirksville residential subdivision for water pollution violations. The owners are accused of not complying with their permit, discharging raw sewage into state waters and failing to submit timely discharge monitoring reports.

April 27: Litigation attorneys successfully defend the state in a case appealed by convicted murderer Dan Johnson who claimed his religious rights were denied.

April 28: After only 2 1/2 hours, a Benton County jury convicts Walter Barton of first-degree murder for beating and stabbing an 81-year-old Ozark woman in 1991. On **April 30**, jurors recommend he be put to death. He is sent to death row.

April 29: The AG's Office receives \$4.7 million, the first of two payments, for the state Tort Victim's Compensation Fund from proceeds obtained in a wrongful death lawsuit. The state was awarded part of the \$30 million judgment won by the family of a pilot against a French helicopter company. On **Nov. 13**, the office receives the remaining \$2.4 million.

April 30: A Tennessee optometrist is ordered to pay \$10,000 to the state in a case handled by consumer attorneys. J. Mason Hurt also was barred from making misrepresentations about a medical procedure that he claimed permanently corrected vision.

April 30: Environmental attorneys sue a tire dump owner near Monark Springs, alleging he violated state pollution laws for a 1997 fire. On **Oct. 5**, attorneys obtain a consent judgment against Red Harris for not complying with a 1995 consent decree to remove part of an estimated 750,000 tires. Harris is ordered to pay a \$100-a-day fine until he complies and assessed a \$3,000 civil penalty.

MAY

May 1: A Charleston man who won a \$1 million jackpot in the Missouri Lottery but later was imprisoned for drunken driving fully reimburses the state for the cost of his incarceration. Litigation attorneys obtained \$3,080 from Andrew Richardson.

May 1: A Springfield man is in custody after being charged with taking more than \$11,000 from consumers for computer equipment he advertised on the Internet but never delivered. On

FIGHTING FOR LIMITS ON CAMPAIGN CONTRIBUTIONS

The AG's Office vigorously fought to restore limits on campaign contributions to elected officials after the 8th U.S. Circuit Court of Appeals ruled to eliminate them.

May 12: A federal court issues an order upholding Missouri campaign finance reform laws that limit campaign contributions. The AG's Office had argued in support of Senate Bill 650, which limits contributions to \$1,075 for statewide elected officials, \$525 for senate elections and \$275 for representatives. A political group had challenged the 1994 law, claiming the contribution cap limited its ability to support a Republican candidate for auditor.

July 23: A three-judge panel of the



8th Circuit rules to temporarily eliminate contribution limits for state offices.

July 24: The AG's Office asks the entire 8th Circuit to immediately reinstate the limits.

Aug. 21: The AG's Office argues against the 8th Circuit ruling.

Nov. 30: The 8th Circuit denies the state's appeal, saying the caps violate the constitutional right to free speech.

Dec. 11: Nixon asks the U.S. Supreme Court to review the appeals court ruling, noting the decision has broad national consequences.

Jan. 25, 1999: The U.S. Supreme Court agrees to hear case arguments in the fall.

June 12: Jackie Don Lewis pleads guilty to five felony counts of unlawful merchandising practices. On **July 31**, he is sentenced to three years in prison without probation.

May 1: A former St. Joseph police chief who claimed he shot a neighbor in self-defense is sentenced to 14 years in prison in a case handled by criminal attorneys. A jury had convicted James Robert Hayes of involuntary manslaughter and armed criminal action for the 1997 shooting of Tony Coone.

May 5: A surety company agrees to pay \$130,000 in delinquent bingo taxes owed by Ideal Bingo Co. under a surety bond in a case handled by governmental affairs attorneys.

May 5: Governmental affairs attorneys representing the Department of Revenue win a case in which the state appeals court reinstated an order suspending a motorist's driving license. In reversing the trial court, the appeals court said sufficient evidence in the record showed the driver was younger than 21 and his blood alcohol content exceeded .02 percent, a violation of the state Zero Tolerance Law.

May 5: A Nebraska district court upholds a Missouri default judgment of \$125,000 against a man who had not repaid an economic development loan to the state. The AG's collections unit had registered an Audrain County Circuit Court judgment in Nebraska where the man lived. The Nebraska judge found that service had been made on the defendant and the judgment can be collected.

1998

Year-end
review

MAY

May 6: A Saline County jury convicts Pat Duffy of workers' compensation fraud following a two-day trial. Duffy aided and encouraged an employee receiving workers' comp benefits to return to work while still getting benefits. On the same day, employee Shawn Pannell is sentenced to shock jail time and ordered to repay the benefits.

May 7: Nixon and a St. Louis County alternative school director speak to attorneys general from throughout the country about using alternative schools to reduce crime. Nixon met Pollie Richardson, director of Project COPE, during a state-wide tour of alternative schools.

May 7: The 8th U.S. Circuit Court of Appeals affirms the sentence and conviction of James Rodden, on death row for the 1983 stabbing of Terry Trunnel in Marshall. On **Jan. 29, 1999**, the state Supreme Court sets a **Feb. 24** execution date. He is executed.

May 11: Environmental attorneys sue Joseph and Pauline Williamson and Jaycee Williamson, all of Jefferson County, for illegally disposing of and storing more than 200,000 waste tires on property east of DeSoto.

May 12: A failed tire-recycling business near Mount Vernon must pay more than \$160,000 to reimburse the state for tire removal and another \$10,000 to the local school fund. On **Aug. 3**, environmental attorneys oversee the auctioning of Midwest Tire Recovery, which still contains tires, tire ash and garbage. They bring back a \$17,000 check for the state.

May 13: The district court assesses costs of \$148 against an Algoa inmate who claimed prison conditions seriously threatened his safety. He cited bugs, lead paint, second-hand smoke and even live leeches in the drinking water. The state is granted summary judgment.

May 14: Consumer attorneys file a lawsuit seeking penalties and customer refunds from a Florida company and its owner who operated a now-closed furniture store in Independence. Furniture Plus abruptly closed in February without notice, leaving many customers without ordered furniture or refunds. On **Oct. 27**, the company is ordered to pay more than \$7,000 in restitution to 15 customers and nearly \$3,600 in penalties and costs to Missouri.

May 14: Environmental attorneys sue the owners and manager of a Pizza Hut in Shell Knob to stop them from allegedly polluting Table Rock Lake by discharging improperly treated wastewater from the restaurant's treatment plant. On **June 26**, the owners agree to take several steps to stop water pollution violations.

May 15: Nixon speaks at a candlelight ceremony in Independence honoring six Missouri officers who died in the line of duty over the past year while recognizing those officers who continue to serve their communities. The ceremony, presented by the Independence Fraternal Order of Police and the FOP Auxiliary, marked Police Memorial Week.

May 15: Environmental attorneys file a petition for an injunction and civil penalties against the owners of a north Kansas City site, asking that

they properly clean up and dispose of more than 100 55-gallon drums of contaminated soil. On **Nov. 16**, Donald Horne and K.C. 1986 Limited Partnership are ordered to identify the hazardous waste and properly dispose it.

May 18: Governmental affairs attorneys convince a court to dismiss a state-employed psychiatrist's lawsuit that his boss was too tough. He claimed his boss at a state mental hospital disciplined and denied him raises based on malicious and evil motives.

May 19: Nixon joins other fraud-prevention experts at a St. Louis conference to inform senior citizens about scams and how to protect themselves. Hundreds of seniors attended the "Elder Fraud: Stopping Tricksters in their Tracks" program at the Jewish Community Center.

May 21: Consumer attorneys obtain \$29,000 in restitution for 53 small businesses in Missouri and other states. The businesses were victimized by a Kansas City man who sold ads on pocket atlases but did not deliver most of them or make refunds. Dennis Asbury of Media Technology was ordered to pay \$9,000 in penalties and \$7,500 in legal and investigative costs.

May 22: Governmental affairs attorneys obtain a summary judgment upholding the constitutionality of statutes authorizing vehicle emissions testing in the St. Louis area, an important part of the state's plan to meet federal clean air standards there. A legislator had sued, claiming the statutes were unconstitutional "special or local" laws.

NIXON HELPS BATTLE METH

Tougher meth laws passed in 1998 helped law enforcement crack down on meth production while Nixon's new Meth Prosecution Strike Force and cooperative pacts between Missouri sheriffs and their counterparts in adjoining counties in eight states gave prosecutors and officers more tools in the fight against methamphetamines.

Jan. 2: Nixon asks the Missouri legislature to enact tough meth laws and to support crime-fighting tools designed for the 21st century, such as fast-track drug courts and alternative schools. On **Aug. 28**, stiffer penalties for meth traffickers and authorization for drug courts that give top priority to drug-related cases become law.

April 13: Nixon calls on the legislature to enact a proposed law allowing



cooperative investigative and arrest authority between Missouri counties and bordering counties across state lines in the fight against illegal drugs. On **Aug. 28**, it becomes law.

July 24-Sept. 21: Nixon and Strike Force attorneys meet with sheriffs and other local law enforcement in Farmington, Cape Girardeau, West Plains, Neosho, Harrisonville, St. Joseph, Maryville, Hannibal, Caruthersville and Forsyth. The drug-enforcement pacts

allow sheriffs to have greater cooperation in drug investigations that cross borders.

Aug. 17: Five suspected meth producers are arraigned in Lexington in a case handled by the Strike Force. Charges include manufacturing meth and possession of a controlled substance.

Dec. 31: By year's end, the Strike Force is handling 59 meth-related cases. The first cases go to trial in January 1999.

DRUG FIGHT: Attorney General Nixon speaks about the office's new tools to fight meth — interstate agreements and the AG's Meth Prosecution Strike Force. Following his remarks in Cape Girardeau, sheriffs signed the cooperative agreements.

May 28: The AG's Office and 43 other attorneys general reach a nationwide agreement with Internet provider America Online to provide new protections for consumers, including advance notice of price increases or substantial service charges. Consumer attorneys sued AOL in 1997 in a multistate action and obtained refunds or credit for Missourians who paid for unlimited access but were unable to access AOL.

May 28: Boone Retirement Center and administrator Pat

Rackers each are convicted of two felony counts of patient neglect. The Boone County jury recommended that Rackers be fined. The defendants were indicted in 1997 by a grand jury at the request of the AG's Office. On **Sept. 8**, the center and Rackers each are fined \$1,000 for each count.

JUNE

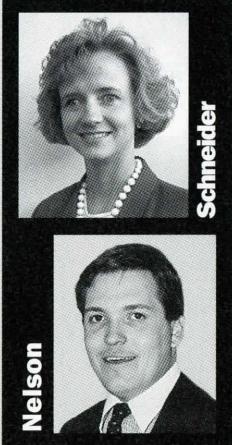
June 1: A judge orders a Jefferson City man to clean up a solid waste dump on his

property. Alfred McCubbins also must pay a \$30,000 penalty.

June 1: A state appeals court rules that a company that treats railroad ties with the toxic wood-preservative creosote must obtain a more stringent storm water discharge permit for its Reynolds County plant. The ruling obtained by environmental attorneys affirmed earlier decisions requiring Scott Tie Co. to obtain a site specific permit, not a general permit.

1998

Year-end review



June 2: On the eve of trial, governmental affairs attorneys settle a case with a Centralia funeral director who agreed to a one-year license suspension followed by 30 months' probation. Bill David Meador, already on probation for prior misconduct, lied on renewal applications about his felony convictions for drunken driving and drug possession.

June 3: One day before a hearing, a real estate agent who had pleaded guilty to a class C felony agrees to have her license placed on six months' probation. Malia Kay Emerson of Lexington had pleaded guilty in 1997 to possessing a controlled substance, methamphetamine.

June 4: David Porter pleads guilty to workers' compensation fraud in Greene County. He was sentenced to one year in jail and a \$500 fine. The sentence was suspended and he was placed on two years' probation. Although Porter claimed his arm was nearly paralyzed in a work-related accident, medical tests showed his arm was normal. Porter was captured on videotape leaving his doctor's office, removing an arm sling and using his arm with no problem.

June 8: The state appeals court upholds the

second-degree murder convictions of an Auxvasse man sentenced to 25 years in prison for killing three people in a 1996 drunken driving crash. Criminal attorneys argued against the appeal of Kenneth Pembleton, who drove through a stop sign in Mexico, Mo., at about 65 mph and broadsided a car carrying a Columbia couple. They were killed as well as Pembleton's passenger.

June 9: The engineering license of a St. Louis man is revoked in a case handled by governmental affairs attorneys. Harry Albert Wilson, whose license already was under discipline, violated his probation by placing his seal on engineering documents he did not prepare and practicing architecture without a license.

June 15: A certified nurse's aide is indicted in Lafayette County on one count each of abusing a nursing home resident and neglecting another resident. John Goodin was accused of rubbing soap in a resident's eyes and striking him in the chest. He also was accused of leaving unattended a resident who tried to get out of his wheelchair and fell, hitting his head on the floor.

June 16: The Missouri Supreme Court unanimously upholds a state law that makes it a crime to deliberately put someone at risk of HIV infection. The AG's Office defended the law, which was

June 25: Doug Nelson and Anne Schneider, assistant attorneys general, are nominated by Nixon for the Marvin Award. The award recognizes individuals who have made a difference for the states and the National Association of Attorneys General. Nelson heads the collections unit and Schneider works in the enforcement unit of the Consumer Protection Division.

challenged in Greene and Jackson counties on grounds it was unconstitutionally broad.

June 17: Litigation attorneys obtain \$12,542 from two inmates to help pay for their prison stay. Bobby Lane, who violated parole, was returned to prison carrying more than \$7,000 in cash on him. He had been serving a life sentence for first-degree murder. James F. Gerding contributed \$5,992 from a checking and individual retirement account that contained more than \$15,000. He had been serving time for second-degree murder and armed criminal action.

June 18: Consumer attorneys obtain a court order for restitution and penalties against the operator of M&M Services, a home-repair and remodeling business in Lake Winnebago. The court ordered Paul Mitchell to pay \$2,800 in restitution to three consumers he defrauded. He also was ordered to pay a \$10,000 penalty, \$6,800 for investigative and legal costs, and \$314 for consumer education.

June 19: Consumer attorneys sue Business Discount Plan of the state of California for using deceptive telemarketing tactics to switch the long-distance service of Missourians without their knowledge.

June 22: The U.S. Supreme Court denies the petition of Bruce Kilgore, on death row for the 1986 murder of Marilyn Wilkins in St. Louis.

June 23: In a letter to law enforcement, juvenile authorities and school officials across the state, Nixon recommends juveniles found at school with a gun be held by authorities for full evaluation. Nixon said

Missouri law allows a 72-hour hold for psychological evaluations.

June 23: A state appeals court affirms the convictions of a Kirksville man who shot and wounded an Adair County deputy after a high-speed pursuit in 1995. Brian Dierling was sentenced to two life sentences for armed criminal action and first-degree assault convictions in the shooting of Deputy Leonard Clark.

June 23: Two assistant attorneys general participate in a 26-mile marathon in San Diego to benefit the Leukemia Society of America, a major sponsor of the run. They each raised about \$2,700.

June 24: A jury convicts the former Ozark County public administrator on 14 criminal counts of using her position to misappropriate money from estates of senior citizens. The AG's Office brought the charges of official misconduct in 1997 against Pattie Ayers, administrator from 1993-1996. Ayers padded her expense requests, which were paid by estates of her wards.

June 26: Nixon encourages Girls State delegates to take a stand against tobacco companies by helping their peers understand the deceptive tactics tobacco companies use to target them. He spoke to more than 700 girls in Warrensburg.

June 26: The AG's Office obtains a court order to immediately place the Platte City Nursing Center into emergency receivership because of numerous safety concerns creating dangerous conditions. The home had about 68 residents. The conditions included residents being allowed



LAKE PATROL

To demonstrate the quality of fish in Table Rock Lake, Attorney General Nixon, center, was presented with bass caught in the lake by Branson residents Tom Morrissey, a retired fishing guide, and Adam Rice, 13. Nixon was at the lake to notify the media of a settlement and the filing of another lawsuit to stop water pollution violations there.

to smoke in their rooms, understaffing and defective fire alarms and sprinklers.

June 26: Environmental attorneys sue the owner of Shell Knob Estates, a subdivision, and Timberoc Village, a commercial development, for discharging wastewater into Table Rock Lake.

June 29: Simmons Foods must make major improvements to the wastewater treatment facility at its plant near Southwest City under terms of a partial preliminary consent decree obtained by environmental attorneys. On **Nov. 6**, the company is ordered to comply with new discharge limits and pay \$500,000 in penalties and investigative costs.

June 30: Nixon participates in a ribbon-cutting ceremony during the grand opening of a fitness center for Girls Inc., a nonprofit organization serving about 7,000 youth in St. Louis. The AG's Office awarded Girls Inc. \$30,000 of Missouri's share of a nationwide antitrust settlement with Reebok International.

JULY

July 2: Nixon assures Linn County officials in a letter that the AG's Office will intervene if Premium Standard Farms attempts to move hog waste into Linn County through a tunnel beneath Highway O. Premium confined more than 60,000 hogs on a megafarm in neighboring Sullivan County.

July 2: Governmental affairs attorneys oppose Lloyd "Pete" Grass' motion seeking release from the maximum security mental health hospital in Fulton. On **July 10**, a judge denies the request of Grass. On **Dec. 3**, Grass is found guilty of escaping from commitment. In 1996, Grass escaped from a St. Louis mental health hospital and was caught five months later following a story on "America's Most Wanted." On **Jan. 7, 1999**, he is sentenced to five years in prison.

1998

Year-end review

July 10: Litigation attorneys defend a McDonald County Circuit Court judge against a lawsuit and also had the plaintiff arrested for skipping hearings to set attorney fees. The suit was filed after Judge Ray Gordon had Mongo Willoughby arrested at the courthouse after he threatened the county clerk while filing a small claims lawsuit and was seen carrying a firearm. Willoughby was banned from small claims court for a year and had to pay the state \$250 in attorney fees.

July 10: Criminal attorneys obtain a second-degree murder conviction in Wayne County. The jury deliberated about 12 hours before giving the verdict. Convicted killer Ronald Smith, the victim and two other co-defendants were all part of an attack on a Wayne County couple, one of whom was killed and the other wounded. Smith killed the victim during the attack to eliminate him as a suspected informant.

July 10: Environmental attorneys finalize a settlement agreement with a Columbia plant that makes automobile parts and trim. Tri-Con Industries paid a \$38,000 civil penalty for violating the state hazardous waste management law. The plant was not properly managing a solvent glue mixture.

July 14: Consumer attorneys take part in a multistate motion to intervene in a federal court case brought by California and the U.S. Department of Justice against a national wholesaler and distributor of books. The lawsuit alleged that Baker & Taylor and its former owner overcharged libraries and public schools by about \$1 million between 1980 and 1995.

July 14: The Missouri Supreme Court overturns a circuit court decision that questioned the validity of many agency rules. The court upheld the constitutionality of two statutes that allow state agencies to correct rules, which would otherwise be voided due to defective fiscal notes, by simply publishing new notes. The case was handled on appeal by the AG's Office.

July 14: Nixon urges the Federal Highway Administration to strengthen and enforce regulation of moving companies to help protect consumers nationwide from unscrupulous business practices. Nixon submitted the comments on behalf of Missouri and 19 other states as the federal agency considers proposed rules for transporters of household goods.

July 16: In a prevailing wage case defended by labor attorneys, the circuit court upholds a Labor Commission ruling that pipe installers must be paid more than the laborer's rate, even if the work is done by laborers. The court favorably noted that the commission was concerned with safety, observing that contractors were more likely to employ higher-skilled workers to install pipe if they must pay higher wages.

July 16: Environmental attorneys sue a St. Louis company and its president for hazardous waste storage violations. Don V. Davis Co. blended chemicals to make paint for about 50 years at a downtown St. Louis location.

July 16: In a case handled by governmental affairs attorneys, an architect agrees to have his license publicly reprimanded after he prepared and placed his architect's seal on two

engineering projects in Branson. Ernesto Gonzalez Chavez was not registered in Missouri.

July 20: A Grain Valley roofing contractor is arrested on five felony charges of unlawful merchandising practices brought by a grand jury at the request of consumer attorneys. Richard Gus Tallen II was accused of accepting down payments but failing to install the roofs.

July 20: An explosives manufacturer must pay \$25,000 for equipment to volunteers who monitor the quality of state streams under an agreement obtained by environmental attorneys. Dyno Nobel also must pay \$225,000 and build a wastewater treatment plant. The company allegedly discharged wastewater into a creek, exceeding contaminant limits at its Carthage plant.

July 22: Litigation attorneys win a defense verdict for five prison employees accused of violating an inmate's equal protection rights. The inmate claimed the workers disciplined him for refusing to cut his hair, but did not discipline other long-haired inmates. He claimed his religion, Sikh Dharma, strictly prohibits hair cutting, although during trial the inmate said he had voluntarily cut his hair to get rid of split ends and had not objected to a haircut when he entered prison. He also admitted to receiving a conduct violation for having three gallons of wine in his cell, although his religion strictly prohibits alcohol.

July 23: Consumer attorneys obtain a judgment ordering American Property Transfers president Kenneth Eisen and partner Mark Epperson to pay \$7,400 in restitution, \$9,860 to a consumer education fund and \$24,000 in penalties. The St.

Charles company defrauded several senior citizens in schemes to sell their campground and timeshare properties.

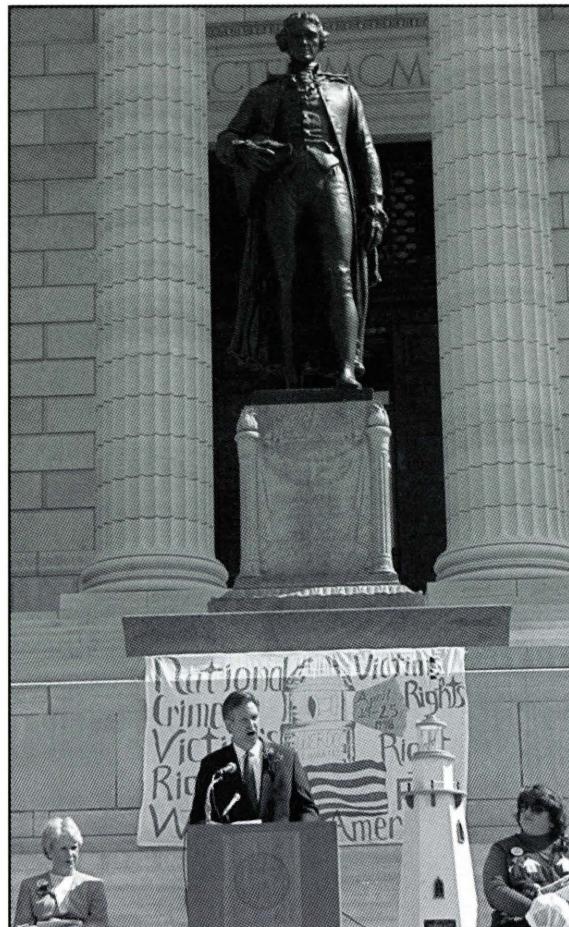
July 23: The Air Conservation Commission approves a process for odor regulations for the state's largest animal feedlots after urging by Nixon. Small and medium family farms are exempt. Nixon had asked the commission to amend state odor rules, requiring the 20 largest confined animal feeding operations to reduce odors that have caused problems for communities in rural Missouri.

July 24: Governmental affairs attorneys representing the Real Estate Commission take action against John Beaver, owner of a property management company in St. Louis. Beaver admitted to numerous regulatory violations, including taking \$40,000 from a property management account. His real estate broker license was suspended for one year and his corporate license placed on three years' probation.

July 27: Consumer investigators obtain an \$8,000 waiver for a Kansas City man for medications he received from a Pennsylvania pharmacy. The man, who thought he was receiving medications from a free service, learned otherwise when he was asked to pay.

July 28: Mississippi Lime Co. agrees to pay a \$40,000 civil penalty to resolve past air pollution violations. The settlement also cleared the way for the company to begin operating a \$20 million kiln to reduce pollution at its St. Genevieve plant.

July 28: Nixon files an intent-to-sue notice against Murphy Family Farms for allegedly



CRIME VICTIM ADVOCATE

Attorney General Nixon addresses a crowd during Crime Victims' Rights Week in Missouri in front of a statue of Thomas Jefferson at the state Capitol.

On the left is Dora Schriro, director of the Department of Corrections.

On the right is Louise Chambers Dehn, the public policy liaison officer for Mothers Against Drunk Driving in Missouri. Her 12-year-old son was killed in a drunken driving crash on Christmas eve in 1992.

failing to obtain required permits for at least four of its hog production operations in Vernon and Barton counties. On **Sept. 16**, the company applies for appropriate water pollution control permits. It also relocated a milking and dairy feeding operation to stop polluting a nearby stream.

July 31: A Joplin man must pay \$78,000 in civil penalties to clean up an illegal Webb City tire dump. Don Thomason was accused of operating the site without a state permit. About half of the estimated 78,000 tires stored at the site burned in 1997, polluting Center Creek with rainwater runoff.

July 31: After 5 1/2 hours of deliberations, a Marion County jury finds a Higbee man guilty of second-degree murder and

armed criminal action for the 1993 shooting of a Perry man. Steve Thorp killed Richard Gillenwater with a sawed-off shotgun over drug dealings.

AUGUST

Aug. 3: The AG's Office files two lawsuits accusing businesses and individuals of selling memorabilia with forged signatures of St. Louis Cardinals slugger Mark McGwire. Louis Troppman Jr. of St. Peters, two Pennsylvania companies, a Florida company and their owners agreed to a consent order and injunction barring them from selling bats, baseballs and caps signed by McGwire. On **Aug. 4**, the office obtains court-approved consent orders prohibiting the sale of the phony memorabilia.

1998

Year-end review

Aug. 4: Environmental attorneys sue a chronic waste-tire dumper to recover \$32,000 the state spent to clean up a dump in Phelps County. Lawrence Hart dumped about 7,500 tires on property he fraudulently obtained from a senior citizen.

Aug. 4: The AG's Office successfully negotiates a settlement stemming from Southwestern Bell Mobile System's practice of "rounding up" minutes for cellular phone service. The office opted out of a class-action lawsuit, negotiating a more favorable settlement for the state — \$24,000 worth of credits for phone service. Southwestern rounded up seconds of calling time to the next minute.

Aug. 4: An appeals court affirms the state's challenge to the 1994 reorganization of Blue Cross and Blue Shield of Missouri. The appeals court agreed with the lower court's ruling in 1996 that RightChoice, the new for-profit subsidiary, was illegal because it violated Blue Cross authority under Missouri nonprofit laws.

Aug. 6: Environmental attorneys sue a Polk County property owner for dumping and illegally storing waste tires. The office is seeking an injunction and \$1,000-a-day penalties for each violation of the solid waste management law. Since 1992, the Department of Natural Resources has issued six notices of violation to James Campbell.

Aug. 7: An asbestos abatement contractor in Jackson County agrees to pay a \$12,000 civil penalty to resolve nine regulation violations. Major Abatement and Demolition was placed on two years' probation.

Aug. 7: Montgomery Ward Credit Corp. and General Electric Capital Corp. agree to pay \$27.5 million to Missouri and all 50 states in a settlement obtained by consumer attorneys. Missouri, taking the lead role in the settlement, got \$330,000. The companies were accused of illegally collecting debts from bankrupt credit-card customers.

Aug. 13: The AG's Office argues in a friend-of-the-court brief that a videotape of the booking of a drunken driver is an open record under the Sunshine Law when the suspect pleaded guilty. The Cole County sheriff argued the tape was not a "record" because the department did not intend to retain it.

Aug. 14: A federal district court denies the habeas corpus petition of Gary Lee Roll, who is on death row for killing Sherry Scheper of Cape Girardeau, and her two sons, Randy and Curtis, in 1992. Criminal attorneys opposed Roll's petition.

Aug. 19: A company that operates a sanitary landfill in Adair County agrees to pay a \$35,000 civil penalty to the county and to resolve several violations in an agreement with environmental attorneys and the Department of Natural Resources. Rye Creek Corp. also agreed to hire an engineer to oversee the landfill until a groundwater monitoring program is constructed.

Aug. 19: A state licensing board revokes the license of Robert Volz, a St. Louis professional engineer who continued to practice while his license was suspended for prior misconduct. Governmental affairs attorneys represented the board.

Aug. 24: A Climax Springs man who sold travel packages but never delivered them must pay consumers \$21,500 in restitution. Scott N. Thompson pleaded guilty to three counts of unlawful merchandising practices brought by consumer attorneys and the Camden County prosecutor. Thompson was sentenced to jail time served (188 days), given a suspended five-year sentence and placed on five years' probation. He also must pay \$6,000 in costs.

Aug. 24: Governmental affairs attorneys obtain a six-month suspension of a Kansas City dentist's license followed by five years' probation. Dennis Stites ordered about 41,000 tablets of controlled drugs over three years, dispensing most of them to his wife. Stites was disciplined for not keeping records of the drugs and dispensing from an unregistered location.

Aug. 25: The state Supreme Court agrees to hear a case appealed by criminal attorneys and won at trial by the Consumer Protection Division. Gregory Sams of Lee's Summit was sentenced to 10 years in prison in 1996 for securities fraud. He bilked an elderly Randolph County couple of their life savings. On **Nov. 24**, the Supreme Court upholds the conviction.

Aug. 26: Environmental attorneys obtain a consent judgment in which a Christian County business agrees to clean up an illegal solid waste site and not compost animal carcasses without required state permits. The purported "recycling" center, Bar Nothing Acres, also was ordered to pay a suspended \$2,000 penalty if the site is not cleaned up by Sept. 1, 1999.

Aug. 28: A Boone County grand jury indicts Columbia psychiatrists Keith Pattison and Debabrata Saha on 12 and 13 counts respectively of making false statements to receive health care payments. The Columbia doctors allegedly billed Medicaid for services not provided. The AG's Medicaid Fraud Control Unit assisted the Boone County prosecutor.

Aug. 28: Labor attorneys representing a House Springs medical assistant before the Human Rights Commission obtain \$8,500 from the clinic's doctor in a sexual harassment case.

Aug. 31: A pregnant restaurant worker is awarded a \$6,000 settlement from El Rancho Truck Stop in a case handled by labor attorneys. The manager refused to let her return to work after she took off a few days of work because of pregnancy complications. In Missouri, it is illegal to terminate because of pregnancy. The Cabool truck stop had rejected the woman's earlier offer to settle for \$2,000.

SEPTEMBER

Sept. 8: Cassandra Brown pleads guilty to abusing a nursing home resident in Jackson County. The former nurse's aide admitted she struck an 82-year-old resident with her knee. Brown was given a two-year suspended sentence and placed on probation for two years on special condition she perform 80 hours of community service. The AG's Medicaid Fraud Control Unit assisted the Jackson County prosecutor.

Sept. 9: A judge awards the state \$1,500 in fines and costs from the city of Cassville in a



MARCHING FOR SOLIDARITY

Attorney General Nixon, left, joins the Heartland Disability Rights March at St. Louis University in celebration of the eighth anniversary of the Americans with Disabilities Act. He also joined with the Department of Housing and Urban Development to send hundreds of notices to building permit officials outlining the ADA compliance measure of the Fair Housing Act Amendments.



case handled by environmental attorneys. The city had cleaned its public swimming pool, dumping the chlorinated water into a creek, killing fish.

Sept. 11: The AG's Office wins a major victory for Missourians when a judge ruled that the state was correct in seeking a declaration that Blue Cross and Blue Shield of Kansas City was a public benefit, nonprofit corporation. Its assets are dedicated to public purposes and cannot be used for private gain.

Sept. 15: A Pennsylvania appeals court removes the last legal impediment to having Michael Simone face the judicial process in Missouri on a criminal charge of promoting

gambling over the Internet. On **Sept. 22**, Simone pleads guilty to misdemeanor charges of promoting gambling in the second degree — the first known criminal convictions in the United States in Internet gaming. A Greene County grand jury indicted Simone in 1997 after consumer attorneys alleged Simone accepted gambling wagers by Internet from a Missourian.

Sept. 15: Panhandle Eastern Pipeline Co. pays \$250,000 to settle air pollution claims regarding the construction and operation of a natural gas pipeline in Missouri. Panhandle built four large engines to pump gas through pressurized lines without obtaining air quality permits.

1998

Year-end
review

Sept. 15: The Lewis County circuit clerk agrees to repay the state nearly \$5,000 for improperly using state funds to pay a full-time county employee. Bill Smith also agreed to stop using county employees for state-paid deputy circuit clerk positions and to turn over to the county all fees received from providing records to the public.

Sept. 16: An agreement obtained by consumer attorneys requires the owners of the defunct Gold's Gym in downtown Kansas City to pay refunds. The owners agreed to give restitution to members who joined or renewed membership after the owners already knew the gym lease may not be renewed. The owners also will tell consumers if other locations may be closed or moved.

Sept. 17: Nixon and 19 other attorneys general send a letter to congressional members, urging them to require meat packers to provide more public information on prices paid to livestock producers.

Sept. 20: The AG's Office and the Department of Insurance reach a definitive settlement agreement with Blue Cross and Blue Shield of Missouri to create the Missouri Foundation for Health, the state's largest public health care foundation. The foundation will be funded through the transfer of 15 million shares of RightChoice, the for-profit, managed-care subsidiary of Blue Cross.

Sept. 21: Environmental attorneys obtain one of the largest amounts paid into the Department of Natural Resources Damages Fund for damages to a Missouri lake. Sola Group Ltd. of California

agreed to pay \$60,000 as final resolution of a case where lead sludge was dumped, washing into a tributary of the Lake of the Ozarks. In 1994, Sola paid \$375,000 to resolve allegations that it improperly disposed of hazardous waste generated at its Eldon plant.

VENDING MACHINE SCAM SHUT DOWN

In a case handled by consumer attorneys, a Kansas City business owner and three Clay County salesmen were indicted by a grand jury for running ads falsely stating that vending machine operators could make huge profits on investments or obtain refunds. The investors lost nearly \$1 million.

Oct. 9: Harold Eugene Estes, owner of Contemporary Marketing Services and KC Dynamic Concepts, pleads guilty to 10 felony counts of unlawful merchandising practices. On **Jan. 15, 1999**, he is sentenced to 10 years in prison.

All three salesmen plead or are found guilty of unlawful merchandising practices and will be sentenced Feb. 5, 1999:

Nov. 19: Edward Lee Maasen, one count.

Dec. 8: James Michael Simpson, one count.

Dec. 18: Daniel S. Simpson, five counts.

The office's antitrust unit reviews proposed hospital mergers and acquisitions to determine if the transaction would have an anti-competitive impact on consumers.

Sept. 30: Three businesses accused of a telemarketing scheme involving credit must pay \$500,000 in restitution to Missouri and three other states. Consumer attorneys accused the companies of charging customers \$105 for a credit card application after promising them they were pre-approved or highly likely to receive credit.

OCTOBER

Oct. 1: Nixon joins other law enforcement authorities and consumer advocates from around the country in announcing a campaign of legal action and education to help consumers and businesses recognize fraudulent offers that are mailed. Project Mailbox II was a cooperative effort of state attorneys general, the Federal Trade Commission, the U.S. Postal Inspection Service and the American Association of Retired Persons.

Oct. 6: A Joplin man and a Cassville property owner each must pay a \$10,000 civil penalty in a court order obtained by environmental attorneys. Tire hauler Don Thomason and Paul Henson were ordered to remove about 40,000 waste tires dumped on Henson's property.

Oct. 13: The U.S. Supreme Court refuses to hear the appeal of death row inmate James Johnson, convicted of a 1991 killing spree in the California, Mo.-area that left three law enforcement officers and a sheriff's wife dead.

Oct. 20: Litigation attorneys successfully defend on appeal the state Board of Education's authority to enact rules. The appeals court agreed with the trial court that a state senator did not have standing to challenge a board rule that required school districts to report student achievement data by race.

Oct. 21: Responding to reports of an elderly home owner being scammed of \$1,250, an investigation conducted by consumer attorneys results in full reimbursement. A home repair company paid the amount after one of its employees pocketed the home owner's money and did no work. The perpetrator was arrested.

Oct. 26: An international trucking company must pay a \$52,000 civil penalty to the Jackson County school fund and make operational changes to its Kansas City plant under an agreement obtained by environmental attorneys. Yellow Freight was accused of not properly handling and storing damaged or rejected freight that was hazardous waste.

Oct. 27: Nixon says a decision by Doe Run Co. to withdraw its application to conduct exploratory lead mining in federal forest lands in the Ozarks is a victory for future generations. The AG's Office had opposed the planned prospecting. On **Dec. 4**, Nixon files an application with the U.S. Department of Interior seeking additional protection from pollution caused by mining in the Ozark National Scenic Riverways and portions of the Mark Twain National Forest. In a letter sent to Interior

Secretary Bruce Babbitt, Nixon cited a federal law that allowed protection of pristine federal lands that could be polluted by mining and prospecting.

Oct. 27: Litigation attorneys win a two-week jury trial, ending a 4 1/2-year-old lawsuit filed against St. Joseph State Hospital by a former employee claiming gender discrimination and wrongful termination. The hospital fired her after finding numerous child abuse incidents when investigating her background.

Oct. 30: Consumer attorneys obtain a guilty plea from a contractor who took money from nine St. Louis County residents for decks he never built. Richard Schuster paid \$11,000 to fully reimburse customers. He also was ordered to pay a \$1,280 fine and perform 270 hours of community service with Habitat for Humanity.

Oct. 30: The AG's Office charges Douglas Brooks, a former Sikeston police officer, with embezzling money from a rescue squad of which he was treasurer. Arraignment will be **Feb. 25, 1999.**



SWEEPSTAKES OFFERS

The Consumer Protection Division recovered nearly \$40,000 in 1998 from numerous companies that had allegedly targeted an elderly Lebanon man with sweepstakes offers. The man, who has since died, bought \$100,000 worth of cheap trinkets and knickknacks and hundreds of videocassettes and audio cassettes even though he had no VCR or cassette player. (Some of his purchases are pictured.) The division is pursuing more recoveries for his family.

998

**Year-end
review**

NOVEMBER

Nov. 2: May Department Stores Co. agrees to pay \$7 million in a multistate settlement obtained by consumer attorneys. Missouri's share was \$35,000. The company was accused of illegally collecting debts from bankrupt credit-card customers.

Nov. 2: Environmental attorneys sue a Cooper County man for improperly handling asbestos-containing materials. Although he was not certified to remove asbestos, Wilburn Lynn contracted to demolish the abandoned St. Joseph's Hospital in Boonville. Neither the property owner nor Lynn had notified the state. The owner paid \$25,000 in violations and hired another contractor to properly remove the asbestos.

Nov. 4: In a case handled by the AG's Office, Taney County associate circuit judge Peter Rea pleads guilty to first-degree sexual misconduct for nonconsensual contact with a legal secretary employed in a building he owned. Rea, sentenced to two years' probation, resigned and surrendered his law license.

Nov. 16: The 8th Circuit affirms the capital murder conviction and sentence of Jerome Mallett for the 1985 slaying of state trooper James Froemsdorf in Perry County. Mallett, placed under custody for being wanted in Texas, slipped off his handcuffs in the patrol car and shot Froemsdorf with the trooper's revolver.

Nov. 16: A St. Louis man and business must pay \$15,000 in restitution and \$4,000 in costs and attorney fees. Jeffrey Coleman and Windjammer

FIGHTING FOR TAX REFUNDS

The AG's Office fought to protect Hancock refunds:

June 8: The U.S. Supreme Court refuses to hear a petition filed by Missourians for Tax Justice Education that wanted to stop \$319 million in tax refunds scheduled to go to Missourians. The social welfare group asked the high court to review a decision by the state Supreme Court supporting Nixon's argument that the refunds were constitutional.

July 14: A judge ruled that proceeds from a one-eighth cent conservation sales tax are state revenue for purposes of calculating Hancock refunds. The judge ruled that money in the Conservation Commission Fund, excluding federal funds, are part of total state revenue as defined by Hancock.

Jan. 8, 1999: The Missouri Supreme Court puts an end to a lawsuit by the state auditor challenging the size of the refunds. After a three-year legal battle, the courts found in favor of Nixon's position on more than 99 percent of the amount challenged.

Construction took money without completing home improvement and construction projects.

Nov. 18: A company that owns property in St. Louis along the Mississippi River where barges unload must have the site listed on a registry of hazardous waste sites — the state counterpart to the federal Superfund list. The soil and groundwater are contaminated with solvents and hazardous wastes spilled over the years by unloading barges. HCI Chemtech also agreed to withdraw its registry appeal.

Nov. 20: Litigation attorneys prevent a \$2.1 million loss in tax revenue with their successful defense in a suit by Burlington Northern and Santa Fe Railway Co. The company accused the State Tax Commission of charging taxes on property moved by railroad while not charging taxes on other property. A favorable ruling for the railroad would have cost the state a \$2.1 million loss in revenue for the

1998 tax year. On **Nov. 20**, litigation attorneys defend the Department of Revenue in another case. The railroad accused the department of using taxes paid by trucks to maintain state highways while railroad taxes went to general revenue, creating a competitive advantage for trucks. A favorable ruling for the railroad would have cost the state \$1.8 million in sales and use tax refunds and a similar amount in unpaid taxes.

Nov. 23: A jury recommends the death penalty for a man who shot to death an elderly Greenview couple. Danny Ray Wolfe of Osage Beach was convicted of first-degree murder, armed criminal action and first-degree robbery in a case prosecuted by the AG's Office.

Nov. 23: Environmental attorneys sue a St. Charles County company that makes veterinary medical products. P.M. Resources allegedly violated the state law by improperly storing and

disposing of hazardous wastes generated through production of health-care products, disinfectants and pesticides.

Nov. 30: The U.S. Supreme Court refuses to hear Alan Nicklasson's death penalty appeal. He killed Richard Drummond in 1994. Drummond offered Nicklasson and two other men a ride when their car broke down along Interstate 70.

DECEMBER

Dec. 1: The state Supreme Court upholds the death penalty conviction of Donald Joe Hall for the 1992 slaying of a Springfield jewelry store owner. William White was killed during a store robbery.

Dec. 4: In a case handled by consumer attorneys, a Florida travel business must pay \$1 million in penalties and restitution to Missouri and 15 other states to resolve allegations it sold deceptive travel packages. Travel Opportunities marketed the packages in a manner that implied consumers had won free vacations.

Dec. 4: The Burlington Northern and Santa Fe Railway Co. must pay \$3 million in restitution to Missouri and \$7 million in fines to the United States. The company pleaded guilty to federal criminal charges of dumping hazardous waste at a railroad maintenance side track in Crawford County. Burlington also was ordered to pay \$1.4 million in civil penalties and damages to the state to resolve claims it dumped lead-contaminated wastes at about 15 Crawford County sites, including some

residences. The company will spend about \$9 million to clean up the sites.

Dec. 4: Nixon files a motion in federal court asking the state to be released from the Kansas City desegregation lawsuit. The state paid \$56 million to the district — the final installment on \$320 million the state agreed in 1996 to pay to settle the 21-year-old lawsuit. Nixon said Missouri had fulfilled its obligations for desegregating the KC School District.

Dec. 7: The owners of English Village Wastewater Treatment Facility near Nixa agree to pay an \$8,000 fine to the state and to build a plant under a settlement obtained by environmental attorneys. The plant did not meet permit limits and leaked.

Dec. 10: The AG's Office obtains a partial settlement giving \$71,000 in toys to needy children in Missouri in an antitrust action against three major toy makers and Toys R Us. The office represented Missouri in the multistate settlement with Hasbro. Nationally, Hasbro paid nearly \$6 million in toys and cash. Missouri will receive \$47,402 in cash. The states joined a federal lawsuit in 1997 against Hasbro, Toys R Us, Mattel and Little Tikes for allegedly conspiring to restrict distribution of some popular toys.

Dec. 11: The maker of NicoDerm CQ and Nicorette agrees to change its advertising to avoid misleading consumers into believing its products guarantee smokers will quit. Smithline Beecham Consumer Healthcare of Pittsburgh settled with Missouri and 11 other states. The company was ordered to pay \$50,000 in

investigative costs and for public health smoking cessation efforts to each state.

Dec. 16: Consumer attorneys sue a Washington hot air balloon business and its operators seeking restitution for more than 100 consumers who did not get rides or refunds. Balloon Safaris' president and manager were accused of making false promises to consumers who paid for balloon rides.

Dec. 17: Nixon announces Operation Double Barrel, a nationwide effort to expose and convict fraudulent telemarketers. Missouri joined 34 other states, the U.S. Department of Justice and the FBI to investigate crooked telemarketers through undercover investigation.

Dec. 29: A Canadian telemarketer is extradited to the United States to face state and federal fraud charges. Consumer attorneys charged Ronald James Blum with two criminal counts of unlawful merchandising practices. He allegedly tried to deceive a Columbia woman into sending him money.

Dec. 30: The AG's Office appeals a circuit court ruling allowing pay raises for elected officials. A citizens commission had sued the state to allow pay raises for elected officials after the legislature rejected proposed raises.



Carrier

Nov. 24: The AG's Office announces Greene County prosecuting attorney Ron Carrier will become managing attorney of the AG's Springfield office. Carrier was named county prosecutor in 1996 after working for six years as an assistant prosecutor. Besides managing office business, he will try criminal and consumer cases.

1998

Year-end review

THE DIVISION

represents the state in every felony case appealed to the state Supreme Court and Missouri Court of Appeals, or reviewed by the U.S. Supreme Court.

Division attorneys:

■ Assist local prosecutors in serious or difficult trials and grand jury proceedings.

■ Prosecute cases of workers' compensation fraud or noncompliance.

■ Represent Department of Public Safety, including the Highway Patrol.

■ Train law enforcement community and state troopers.

■ Produce *Front Line*, a publication updating law enforcement on legal developments.

**1998
ANNUAL
REPORT**



near Springfield in 1987. Sweet fired at Harper with an assault rifle.

Three murderers executed in 1998**■ Reginald Powell:**

Killed two brothers in St. Louis in 1986.

■ Milton Griffin:

Murdered a St. Louis couple after robbing their apartment in 1986.

■ Glennon Paul Sweet:

Killed state trooper Russell Harper during a traffic stop near Springfield in 1987. Sweet fired at Harper with an assault rifle.

Attorneys obtain murder, manslaughter convictions

■ Jurors recommended the death penalty for **Walter Barton**. He was convicted of first-degree murder for beating and stabbing an elderly Ozark woman in 1991.

■ Jurors recommended death for **Danny Ray Wolfe** of Osage Beach. He was convicted of first-degree murder, armed criminal action and first-degree robbery for the 1997 shooting deaths of a Greenview couple. He was sentenced to life without parole.

■ **John Middleton** was convicted of two counts each of first-degree murder and armed criminal action for killing a Spickard couple in 1995. He was sentenced to death.

Criminal attorneys handled 58 special prosecutions in 29 counties.

■ **Pepper Coffman and Stacy Jones** pleaded guilty to murdering a Douglas County man during a botched burglary. Coffman pleaded guilty to first-degree murder, arson and burglary. He was sentenced to life plus 22 years. Jones pleaded guilty to second-degree murder, arson and burglary. She was sentenced to 29 years.

■ **Ronald Smith** was convicted of second-degree murder for an attack on a Wayne County couple, one of whom was killed and the other

wounded. He was sentenced to life plus 20 years in prison.

■ **Steve Thorp** was convicted of second-degree murder and armed criminal action for the 1993 shooting of a Perry man. He was sentenced to 37 years.

■ **Sandra Douglas** of Thayer was sentenced to 18 years in prison after pleading guilty to voluntary manslaughter and armed criminal action for shooting her husband.

■ **James Robert Hayes**, a former police chief of St. Joseph, was convicted of involuntary manslaughter and armed criminal action for shooting a neighbor in 1997 who later died. Hayes was sentenced to 14 years.

Ex-psychiatrist to prison

A former West Plains psychiatrist was sentenced to 133 years in prison. William Cone was convicted of sexual assault and deviate sexual assault. He assaulted two female patients numerous times between 1988 and 1993.

AG's Office assisting in triple murder case

The AG's Office was appointed special prosecutor to assist the Maries County prosecutor in a triple homicide case near Vichy. Mark Christeson and Jesse Carter were each charged with three counts of

first-degree murder and one count of armed criminal action for slaying a mother and her two children.

Columbia nursing home, director convicted

Boone Retirement Center and administrator Pat Rackers were convicted of two counts of patient neglect and fined \$1,000 for each count. The nursing home and Rackers were indicted in 1997 by a grand jury at the request of the AG's Office. They were charged with patient neglect and Medicaid fraud. The center and Rackers allowed seven residents to develop bedsores in 1995.

Meth Prosecution Strike Force created

CRIME-FIGHTING measures supported by Attorney General Nixon were signed into law in 1998 to better equip law enforcement in the fight against meth.

The new law, heralded as the strongest anti-meth legislation in the country, stiffened penalties for meth traffickers, authorized circuit courts to establish a fast-track drug court to give top priority to drug-related cases, and created a Meth Prosecution Strike Force within the AG's Office.

Nixon assembled a team of four seasoned attorneys and three investigators supported by an experienced paralegal and secretary.

Heading the team is Tim Anderson, who represented the Highway Patrol for more than 10 years while working for the AG's Office.

THE STRIKE FORCE offers prosecutorial assistance and expertise to local prosecutors and assistance to law enforcement. In 1998, Strike Force attorneys and investigators:

- **Responded** to requests for assistance from prosecutors in 17 counties.
- **Handled** 59 meth-related cases. The first cases go to trial in January 1999.
- **Drafted** and helped facilitate drug enforcement agreements between Missouri's 45 border counties and their neighboring counties in the eight states surrounding Missouri.
- **Trained** law enforcement throughout the state on the effects of meth in Missouri.
- **Spoke** to civic groups throughout the state about the meth epidemic and ways they can help fight meth.



Cooperative interstate agreements signed

Nixon stopped in 10 cities to announce the creation of the Strike Force and drug enforcement agreements allowing cooperative investigative and arrest authority between Missouri counties and bordering counties across state lines.

Nixon and Strike Force attorneys met with sheriffs and other local law enforcement officers in Farmington, Cape Girardeau, West Plains, Neosho, Harrisonville, St. Joseph, Maryville, Hannibal, Caruthersville and Forsyth.

The drug-enforcement agreements allow sheriffs to have greater cooperation in their investigation of drug cases that cross borders — a concern in all corners of the state.

Suspected meth producers arraigned

In its first case, the Strike Force served as special prosecutors in a Lexington case where they charged five defendants with crimes such as manufacturing meth and possession of a controlled substance. Four were from Raytown, Kansas City and Odessa. The other defendant, from Knob Noster, was charged with creation of a controlled substance.

Tim Anderson, (above right), head of the AG's Meth Prosecution Strike Force, shakes an officer's hand after signing a drug enforcement agreement in Cape Girardeau.



Criminal Division



CRIMINAL DIVISION

CRIMINAL APPEALS, HABEAS CORPUS ACTION

Criminal attorneys successfully fought to uphold the convictions of inmates serving death and life imprisonment sentences:

- **Bruce Kilgore:** On death row for the 1986 murder of Marilyn Wilkins of St. Louis.
- **Gary Lee Roll:** On death row for killing Sherry Scheper of Cape Girardeau and her sons, Randy and Curtis, in 1992.
- **James Johnson:** On death row for a 1991 killing spree in the California, Mo.-area that left four dead — law enforcement officers Les Roark, Charles Smith and Sandra Wilson and a sheriff's wife, Pam Jones.
- **Jerome Mallett:** On death row for the 1985 slaying of state trooper James Froemsdorf in Perry County.
- **Donald Joe Hall:** On death row for the 1992 slaying of Springfield jeweler William Roscoe White.
- **James Edward Rodden:** On death row for the 1983 stabbing of Terry Trunnel in Marshall.
- **Joseph Paul Franklin:** On death row for the murder of Gerald Gordon, killed while leaving a St. Louis synagogue.
- **Brian Dierling:** Sentenced to two life sentences for armed criminal action and first-degree assault of Adair County deputy Leonard Clark, shot after a high-speed pursuit in 1995.

Murder convictions upheld of drunken driver

The state appeals court upheld the second-degree murder convictions of an Auxvasse man sentenced to 25 years in prison for killing three people in a 1996 drunken driving crash. Kenneth Pembleton is the first person in Missouri to be found guilty of murder in a drunken driving crash.

Attorney Nield

Criminal attorney Cheryl Nield argued against the appeal of Kenneth Pembleton, who drove through a stop sign in Mexico at about 65 mph and broadsided a car carrying Tom and Sharon Coffman of Columbia. They were killed as well as Pembleton's passenger, Ted Christian.

Pembleton's blood-alcohol measured more than twice the state's legal threshold for intoxication and he had two earlier DWI convictions.

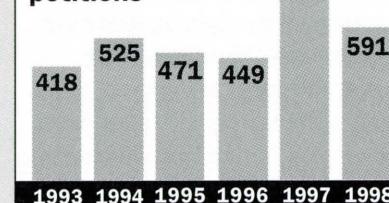
The appeals court rejected Pembleton's argument that he only could be convicted of involuntary manslaughter. Pembleton conceded he committed DWI, third offense, and that the victims died during the felony.



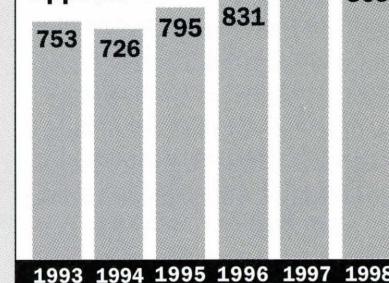
Cases assigned*

Criminal attorneys were assigned more than 1,627 cases. Following a surge of habeas corpus petitions filed by inmates in 1997, filings dropped in 1998. New federal laws required inmates to more quickly file petitions starting in 1997.

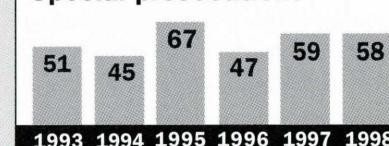
Federal, state habeas corpus petitions



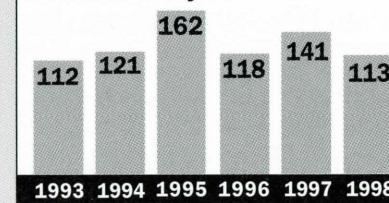
State felony appeals



Special prosecutions



Public safety



* Among litigation cases not included:

- Rule 29.15 appeals consolidated with direct felony appeals
- Transfers of appeals to state Supreme Court
- Petitions for writ of certiorari filed in U.S. Supreme Court from state or federal rulings
- Appeals from federal habeas corpus petitions before 8th Circuit

Domestic abusers targeted

Nixon joined the Missouri Coalition Against Domestic Violence and the National Council for Jewish Women in support of Missouri legislation that would establish a statewide system for reporting domestic violence-related homicides.

At a National Association of Attorneys General meeting in Washington, D.C., Nixon signed on to a strong new package of steps targeting domestic abusers in Missouri and nationwide. Nixon voted for major reforms such as recognition across state lines of protective orders, penalty enhancement for men who batter women in front of their children, and victim-counselor confidentiality.



Attorney General Nixon and the National Council of Jewish Women lead a march to the state Capitol in support of domestic violence victims.

Nixon recommends

72-hour hold

In a letter to law enforcement, juvenile authorities and school officials across the state, Nixon recommended juveniles found at school with a gun be held by authorities for full evaluation. Nixon said state law allows a 72-hour hold

for psychological evaluations.

Nixon also launched Missouri's portion of a national "Keep Schools Safe" campaign to address the potential of deadly violence in schools. The campaign was spearheaded by the National Association of Attorneys General and National School Boards Association.

WORKERS' COMPENSATION

The AG's Office has jurisdiction under state law to prosecute businesses that do not carry workers' compensation insurance for employees, and individuals who fraudulently try to collect workers' comp benefits.

In 1998, the workers' compensation fraud unit handled 85 percent more cases than in the previous year. The unit worked 131 cases. Attorneys obtained 18 criminal convictions and negotiated settlements or agreements in 61 other cases. The unit obtained \$105,949 in penalties and fines, and \$135 in restitution. Among the cases:

Employer guilty of fraud

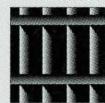
A Saline County jury convicted a construction business owner of workers' comp fraud following a two-day trial. This is the state's first case where an employer was found guilty of workers' comp fraud.

Pat Duffy aided and encouraged an employee receiving workers' comp benefits to return to work while still getting benefits. On the same day, employee Shawn Pannell was sentenced to shock jail time and ordered to repay the benefits.

Worker fined for false disability claim

David Porter pleaded guilty to workers' comp fraud in Greene County. He was sentenced to one year in jail and a \$500 fine. The sentence was suspended and he was placed on two years' probation.

Although Porter claimed his arm was nearly paralyzed in a work-related accident, medical tests showed his arm was normal. He also was repairing autos at his home while he was disabled. He was videotaped leaving his doctor's office, removing an arm sling and using his arm with no problem.



**Criminal
Division**

THE DIVISION

represents the state in consumer fraud cases. Through aggressive action by consumer attorneys, more than \$7 million was recovered in 1998 from companies and individuals accused of defrauding Missourians, nearly doubling 1997 recoveries.

Among cases the division pursues:

- Criminal prosecution of businesses that defraud consumers through the advertising and sale of products or services.
- Securities fraud.
- Antitrust matters.

These prosecutions often result in imprisonment, fines and restitution.

1998 ANNUAL REPORT

NATIONAL ACTION

Consumer attorneys joined other states to take action against companies violating state consumer fraud laws. Among cases handled:

Tobacco companies will pay Missouri \$6.7 billion

Tobacco companies agreed to pay Missouri \$6.7 billion to settle claims that they broke Missouri law by targeting to minors and lying about the health effects of tobacco products. The companies also agreed to pay \$1.5 billion to an anti-smoking campaign and \$250 million for a foundation dedicated to reducing teen smoking. The settlement also:

- Prohibited the industry from using cartoon characters in advertising.
- Prohibited targeting of youth and paying to put tobacco companies in movies and on television.
- Banned outdoor advertising, including billboards and signs in stadiums, arenas and shopping malls.
- Banned sale of merchandise such as T-shirts bearing tobacco logos or brands.

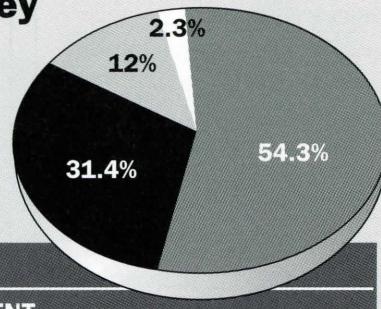
The companies also were ordered to pay legal bills of the state's tobacco lawyers.

Promoter must pay \$1M

A Florida travel business must pay \$1 million in penalties and restitution to Missouri and 15 other states to resolve allegations it sold deceptive travel packages. Travel Opportunities misled consumers into believing they had won free vacations to Florida and the Bahamas.

Recovering money

The Consumer Protection Division recovered more than \$7 million from companies and individuals accused of defrauding Missourians.

**WHERE THE MONEY WENT**

- **\$3.8 million in restitution** to consumers from legal action
- **\$2.2 million in restitution** to consumers from mediation
- **\$843,206 in payments** to a state fund used for consumer education and enforcement
- **\$163,280 in civil penalties** to public schools as required by state constitution

The consumer division recovered a record \$2.2 million in restitution for consumers through mediation.

Sweepstakes business to pay \$1.2 million

The nation's largest direct-mail sweepstakes company was ordered to pay \$1.2 million in restitution to 91,000 Missourians under a bankruptcy settlement obtained by the AG's Office.

The multistate settlement was the largest obtained by any of the 30 states that pursued claims against Direct American Marketers.

Direct American Marketers

was banned from mailing solicitations to Missourians after consumer attorneys sued the company for deceiving consumers into believing they had won a national sweepstakes.

The company urged consumers to call a 900 line to claim checks or other prizes. The call cost consumers more than \$25. Most won a \$1 check.

Retailers must pay

In two cases handled by consumer attorneys, national retailers were ordered to pay multimillion settlements to Missouri for illegally collecting debts from bankrupt credit-card customers:

- Montgomery Ward Credit Corp. and General Electric Capital Corp. agreed to pay \$27.5 million to Missouri and all other states in a settlement. Missouri, taking the lead in the settlement, received \$330,000.
- May Department Co. agreed to pay \$7 million in a multistate settlement. Missouri got \$35,000.

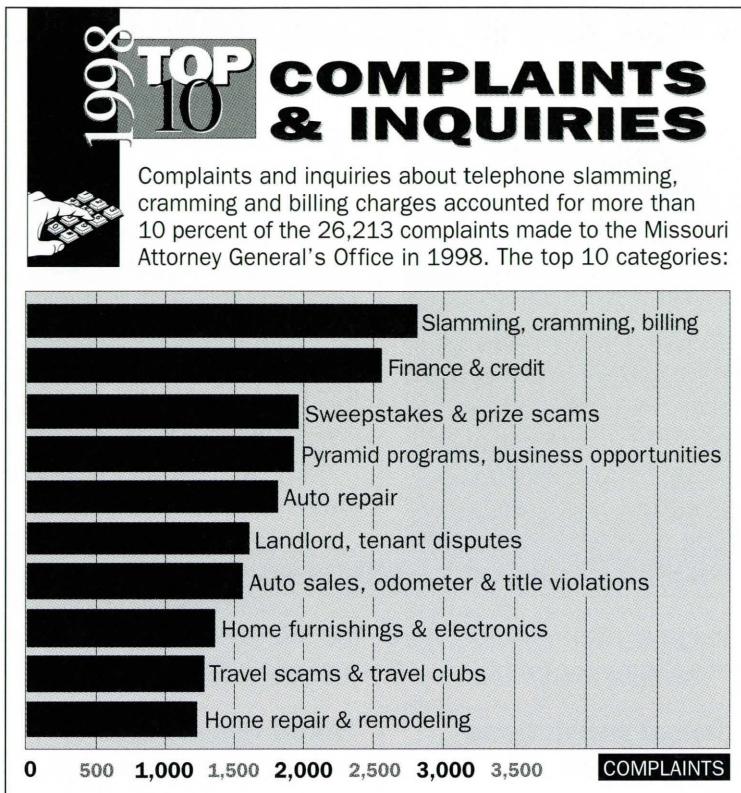
DirecTV to pay \$28,000

DirecTV, a satellite broadcasting service, agreed to pay \$28,000 in investigative costs to Missouri in a multistate agreement resolving allegations that the company misled consumers by removing certain channels in a one-year prepaid subscription offer.

Businesses to pay \$1/2M

Three businesses accused of a telemarketing scheme involving credit must pay \$500,000 in restitution to Missouri and three other states. Consumer attorneys had filed suit in 1996.

Telecommunications Resources and Tricom Financial Services of Liberty, Mo., and First Security of Nashville, Tenn., allegedly charged customers \$105 to get a credit card. Customers, told they were pre-approved or "highly likely" to receive credit, instead received a credit card application.



Out-of-state firms must pay thousands for slamming, cramming practices

Three companies were ordered to pay \$195,500 to Missouri for illegally switching consumers' long-distance phone service without their knowledge, and for adding charges to consumers' phone bills for unordered services. Among cases prosecuted:

- RRV Enterprises of Texas, also known as Consumer Access, must pay \$35,000 to a state consumer education and enforcement fund for using a contest entry form to bill a \$4.96 activation fee and a usage fee for up to 20 cents a day for a long-distance calling card.

■ A Texas company must pay \$27,500 in penalties and costs to the state. Consumer attorneys sued Telcam for allegedly using contest entry forms and forged letters of authorization to slam consumers' long-distance phone service.

- A Florida company must pay \$45,000 to the state and more than \$88,000 in refunds to 6,322 Missourians. Coral Communications was accused of using hard-to-read type on contest entry forms used to switch or expand customers' phone service.



Missouri granted \$56,000

The AG's Office obtained a \$56,000 grant to develop a consumer education program for Missourians moving from welfare into the workplace. The program will focus on topics such as obtaining loans, landlord-tenant rights and credit-repair scams. Out of 26 applications, eight states were chosen to receive grants from the National Association of Attorneys General. Missouri received the largest.



Consumer Protection Division



Big Mac fans protected from fake autographs

A McGwire signature

The AG's Office filed two lawsuits accusing businesses and individuals of selling memorabilia with forged signatures of St. Louis Cardinals slugger Mark McGwire.

Louis Troppmann Jr. of St. Peters and two Pennsylvania companies, a Florida company and their owners agreed to a consent order and injunction

barring them from selling bats, balls and caps signed by McGwire.

The out-of-state defendants allegedly created "certificate of authenticity documents" for purported McGwire autographs on at least 175 bats. The bats were sold for more than \$24,000 to the Keebler Co. for a promotion.

Although the defendants

claimed McGwire hand-signed the bats in 1987, they bear an "oval-R" trademark not used by Rawlings Sporting Goods until 1997.

Troppmann also allegedly created certificates of authenticity for autographed items and sold several.

PATROLLING CYBERSPACE

Consumer attorneys monitored the Internet for individuals and businesses that violated state consumer fraud laws. Among cases handled:

Criminal convictions first in nation

Consumer attorneys obtained the first criminal convictions in the nation in the prosecution of an Internet gambling site.

Michael Simone of Doylestown, Pa., and his business, Interactive Gaming & Communications, pleaded guilty to misdemeanor charges of promoting second-degree gambling. Simone acknowledged that he and his business knowingly advanced illegal gambling activity in Missouri.

Simone was ordered to pay a \$2,500 fine to the state. Interactive was ordered to pay a \$5,000 fine and \$20,000 for prosecution costs.

Nixon speaks out on Internet gaming

Nixon told the National Indian Gaming Commission that attempts by tribes to offer gaming over the Internet violate state gaming laws and the federal Indian Gaming Regulatory Act. In comments filed with the commission, Nixon said neither the regulatory act nor the use of the Internet should allow circumvention of Missouri laws.

AOL clients protected

Missouri and 43 other states reached a nationwide agreement with America Online that provided new protections for consumers, including advance notice of price increases or large service charges. Consumer attorneys sued the company in 1997 and obtained refunds and credit for Missourians who paid for unlimited access but were unable to access AOL.



Tribe must stop games

The 8th Circuit Court of Appeals asked a lower court judge to determine whether a federal law protects online games from state regulation even though the federal law refers only to gaming activity conducted on Indian lands.

Consumer attorneys had obtained a temporary restraining order to stop officials of the Coeur d'Alene Indian tribe and two affiliated companies from offering and promoting online lottery gambling in Missouri.

Online computer seller to prison

A Springfield man was sentenced to three years in prison without probation for taking more than \$11,000 from consumers for computer equipment he advertised on the Internet but never delivered. Jackie Don Lewis pleaded guilty to five felony counts of unlawful merchandising practices.

ANTITRUST ACTION

The AG's Office vigorously enforces state and federal antitrust laws to ensure Missouri consumers and businesses enjoy the lower prices, higher quality and greater selection resulting from competition. Antitrust actions in 1998 included:

Reebok settlement equips gym for Girls Inc.

Nixon participated in a ribbon-cutting ceremony during the grand opening of a fitness center for Girls Inc., a nonprofit organization serving about 7,000 youth each year in St. Louis.

The AG's Office awarded Girls Inc. \$30,000 of Missouri's share of a nationwide antitrust settlement with Reebok International. Girls Inc. used the money to equip the fitness center. Reebok was accused of fixing retail prices through agreements with dealers across the country.

Cape Girardeau hospital merger opposed

Nixon opposed a proposed merger of Southeast Missouri

Hospital and St. Francis Medical Center, stating competition in the local health-care market would suffer if Cape Girardeau's only two hospitals combined. Nixon told hospital officials his office would take legal action if they proceed with the merger.

Hospital officials later say they won't pursue a merger.

The AG's Office had taken comments on the proposed merger at a hearing in Cape. About 300 people attended.

Hasbro must give toys to needy kids

Consumer attorneys obtained a partial settlement giving \$71,000 worth of toys to needy children in Missouri in an antitrust action against three major toy makers and



Toys R Us. In the multistate settlement, Hasbro paid nearly \$6 million in toys and cash. Missouri will receive \$47,402 in cash. The states joined a federal lawsuit in 1997 against Hasbro, Toys R Us, Mattel and Little Tikes for allegedly conspiring to restrict distribution of some popular toys.

Nixon and two assistant attorneys general celebrate the grand opening of a fitness center for Girls Inc. in St. Louis. With Nixon are Deborah Bell Yates (left) and Beverly Temple.

PROTECTING CONSUMERS

Blue Cross assets protected for public

A Cole County judge ruled that Blue Cross and Blue Shield of Kansas City is a public benefit, nonprofit corporation and its assets cannot be used for private gain. The ruling answered a lawsuit filed by Blue Cross in March 1997 after Nixon questioned the legality of a proposed merger with Blue Cross.

Phony-pill pushers to pay thousands

A business with a phony clinic in Kansas City was ordered to pay full refunds to Missourians who ordered a knock-off impotence drug with

a name similar to Viagra, a popular impotence drug. The business also must pay \$167,500 in civil penalties and investigative costs.

Hypnotherapist jailed

Creve Coeur hypnotherapist Geraldine Lamb was sentenced to 2 1/2 years in prison as recommended by consumer attorneys. Lamb pleaded guilty to two felony charges of insurance fraud and a misdemeanor charge of practicing psychology without a license. She had used unproven techniques such as past-life regression therapy and recommended that patients participate in seances.

Two prosecuted for securities fraud

Two white-collar criminals were prosecuted for fraud:

- A Greene County stock broker was ordered to pay \$73,000 in restitution after he pleaded guilty to securities fraud. Randal Stump used money from investors for personal use.
- A Perry County man was sentenced to four years in prison for violating his probation after he was convicted of securities fraud in 1986. Michael Kramer was placed on probation in 1990, from which time he had been a fugitive. He was last hiding in Canada.



Consumer Protection Division

ENVIRONMENTAL PROTECTION DIVISION

THE DIVISION

aggressively protects Missouri's natural resources. Attorneys take legal action to stop pollution of the state's air, water and soil and penalize polluters through fines, penalties and in the most serious cases, incarceration.

The division's

efforts have bolstered compliance with state environmental laws and have resulted in significant penalties to law breakers. In 1998 the division won or favorably settled more than 95 percent of its cases. This success translated into a record \$5.7 million in civil penalties, damages and investigative costs.

**1998
ANNUAL
REPORT**

CLEANING UP HAZARDOUS WASTE

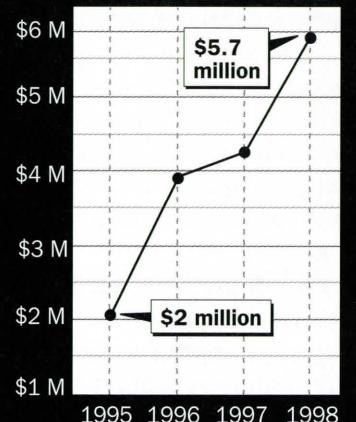
Environmental attorneys aggressively fought to protect the state from hazardous waste violations. Among the cases:

Former herbicide plant site must be cleaned up

The owners of a north Kansas City site containing hazardous waste were ordered to identify wastes and properly dispose of them. Environmental attorneys had filed a petition for an injunction and civil penalties against owners Donald Horne and K.C. 1986 Limited Partnership, asking that they properly clean up more than 100 55-gallon drums of contaminated soil. Some were leaking arsenic and other hazardous wastes. The site was used by several companies from 1942 to 1986 to manufacture, blend, store and distribute herbicides.

Division obtains record \$5.7M

The Environmental Protection Division won or favorably settled more than 95 percent of its cases, translating into a record \$5.7 million in civil penalties, damages and investigative costs. Past years' monetary rewards:



The division opened 163 cases and resolved 291 cases.

Columbia manufacturer pays \$38,000

Environmental attorneys finalized a settlement agreement with a Columbia plant that makes automobile parts and trim. Tri-Con Industries paid a \$38,000 civil penalty to the local school district for violating the state hazardous waste management law. The plant was not properly managing a solvent glue mixture.

Nixon protests waste transfer through state

Nixon informed the U.S. Navy in a letter that it must give public notice when transporting munitions and other wastes through Missouri. Nixon told Navy officials they could have violated the National Environmental Policy Act when they tried to transfer 12,000 gallons of napalm by rail through Missouri without public notice.

Burlington railroad to pay a record \$3 million



Hazardous waste was dumped at this railroad maintenance side track in Crawford County.

In the state's largest environmental recovery, Burlington Northern and Santa Fe Railway Co. was ordered to pay \$3 million in restitution to Missouri and \$7 million in fines to the United States. The company pleaded guilty to federal criminal charges of dumping hazardous waste at a railroad maintenance side track in Crawford County.

Burlington also was ordered to pay \$1.4 million in civil penalties and damages to the state to resolve claims it dumped lead-contaminated wastes at about 15 Crawford County sites, including some residences. The civil consent decree obtained by environmental attorneys also required the railroad to properly clean up each site.

MONITORING AGRICULTURAL OPERATIONS

As problems associated with megafarms increased in Missouri in 1997 and 1998, environmental attorneys took legal action to protect the state's natural resources. At the same time, Nixon continued to seek tougher state regulations for the state's largest confinement operations:

1998 CASES

Simmons Food to make major improvements

A major poultry processor was ordered to pay \$500,000 in penalties and investigative costs for widespread water-quality violations at its chicken processing plant near Southwest City.

Simmons Food had to spend about \$2 million to upgrade its wastewater treatment plant and also must comply with new discharge limits.

Simmons also must significantly reduce the amount of chicken litter spread on its nearby farms in the Honey Creek and Elk River watersheds, protecting water quality there.

Air Conservation Commission adopts odor standards

The Air Conservation Commission approved a process for odor regulations for the state's largest animal feedlots after urging by the AG's Office. Small- and medium-size family farms are exempt. Nixon asked the commission in 1997 to begin regulating the state's largest animal feed lots for odor emissions.

Murphy Family Farms complies with law

The nation's largest hog producer applied for water pollution control permits within 12 days of receiving a warning letter from Nixon. It also relocated a milking and dairy feeding operation to stop polluting a nearby stream.

Nixon had informed Murphy Family Farms of his intent to sue the hog producer for allegedly failing to obtain required permits for at least four of its operations in Vernon and Barton counties. A 60-day notice is required before filing a lawsuit in federal court.

Premium Standard Farms warned

Premium Standard Farms suspended plans to spread waste in Linn County after Nixon notified county officials his office would intervene if Premium attempted to move hog waste into Linn County through a tunnel beneath Highway O. Premium confined more than 60,000 hogs on a megafarm in neighboring Sullivan County.



Simmons Food's chicken processing plant near Southwest City had to upgrade its wastewater treatment plant. Here, inadequately treated wastewater sits in a tank before the upgrade was completed.

1997 CASES

Purdy processing plant will control odors

A poultry-manure processing plant near Purdy installed odor controls and paid a \$9,600 penalty to the state in a settlement agreement with the AG's Office. First Fertilizer was the first agricultural facility in the state to be required to eliminate odors.

Cattle operator pays \$56,000

The state's largest cattle feeding operation paid a \$56,000 penalty following a suit filed by environmental attorneys. Sharpe Land and Cattle Co. was ordered to conform to state environmental laws. The 20,000-acre ranch in Lewis County also built an approved vegetative cover in its feed lots, which historically have been dirt and mud.



Environmental Protection Division



PROTECTING THE LAND

Environmental attorneys took legal action to protect the land. Among cases handled:

Landfill owner to pay \$35,000

A company that operated a sanitary landfill in Adair County agreed to pay a \$35,000 civil penalty to the county and to resolve several violations in an agreement with environmental attorneys and the Department of Natural Resources. Rye Creek Corp. also agreed to hire an engineer to oversee the landfill until a groundwater monitoring program is implemented and to submit a revised geologic and hydraulic site investigation work plan so cleanup can be effectively designed and implemented.

Supreme Court upholds state solid waste law

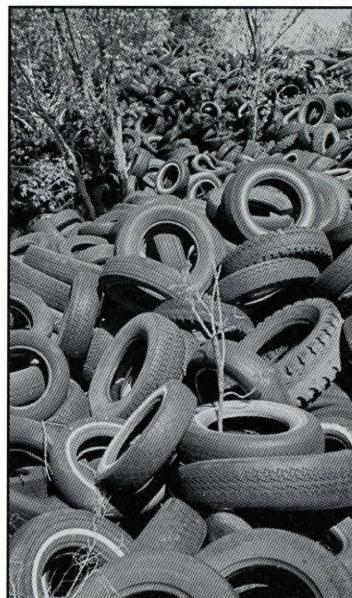
Environmental attorneys obtained a Missouri Supreme Court order overturning a circuit court decision that declared a state law unconstitutional. The court upheld the constitutionality of a law that requires compliance with local codes before landfill operators can obtain a state solid waste facility permit.

Tire dumpers, operators hauled into court

■ A tire dump owner near **Monark Springs** was ordered to pay \$100 a day in fines until he meets terms of a 1995 consent decree in which he agreed to remove part of the tires. Red Harris also was ordered to pay a \$3,000 civil penalty and to submit an increased financial assurance instrument for \$280,000.

■ A Kansas City man was ordered to remove about 60,000 waste tires from a subdivision in **Jackson County**. When Dick Wealand failed to remove the waste tires, the Department of Natural Resources removed the tires and obtained court approval to recover its costs.

■ A **Polk County** operator was sued for allegedly dumping and illegally storing waste tires. Since 1992, the Department of Natural Resources had issued six notices of violation to James Campbell.



Tires litter a Polk County site.

■ A failed tire-recycling business near **Mount Vernon** was ordered to pay more than \$16,000 to reimburse the state for tire removal and fined about \$10,000 to the local school fund. The owners of Midwest Tire Recovery had no permit to store tires and had been cited for other violations. Environmental attorneys oversaw the auctioning of the business and brought back a \$17,000 check for the state.

■ A Joplin man and a Cassville property owner were ordered to remove about 40,000 waste tires from an illegal tire dump near **Cassville** within 120 days. Don Thomason and property owner Paul Henson each were ordered to pay a \$10,000 civil penalty to the local school fund.

■ The owner of two waste-tire sites near **Wardell** and **Doniphan** were assessed a civil contempt penalty of \$18,250 for failing to comply with two earlier court orders requiring them to clean up the sites. R.V. and Mavis Wilson were accused of air pollution violations caused by two fires.

■ Joseph and Pauline Williamson of Jefferson County were sued for illegally disposing of and storing more than 200,000 waste tires on property east of **DeSoto**.

■ Lawrence Hart, an illegal waste-tire dumper, was sued for allegedly dumping about 7,500 tires on property in **Phelps County**.

PROTECTING THE AIR, WATER

Environmental attorneys took action to protect the air and water. Cases included:

No permit; Panhandle must pay \$250,000

Panhandle Eastern Pipeline Co. agreed to pay a \$250,000 civil penalty to settle air pollution claims regarding the construction and operation of a natural gas pipeline in Missouri. Panhandle had built four large engines to pump gas through pressurized lines without obtaining required air quality permits.

Lime company pays \$40,000 to schools

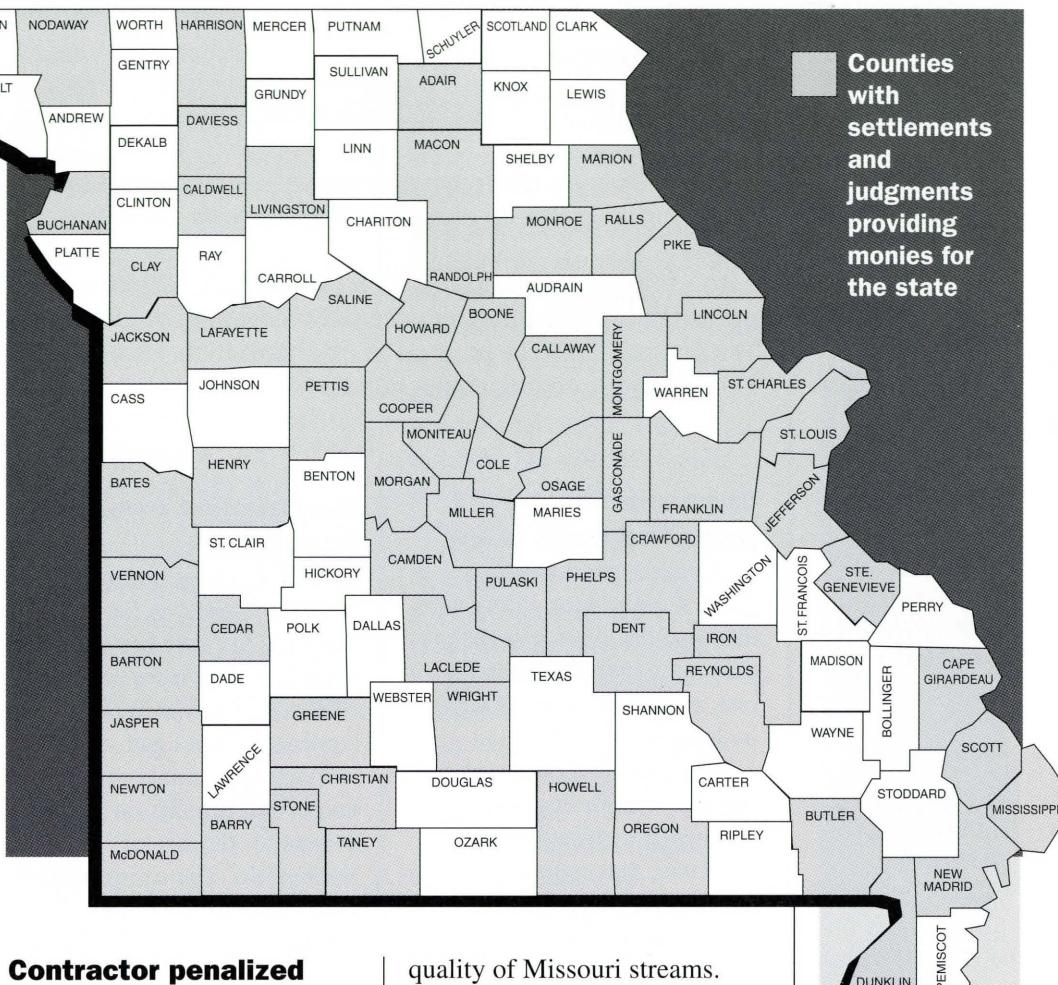
Mississippi Lime Co. turned over a \$40,000 civil penalty to a local school fund in a settlement agreement. The agreement not only resolved past air pollution violations, but cleared the way for it to begin operating a \$20 million kiln to consolidate operations and reduce air pollution at the company's St. Genevieve plant.

California company pays record amount to DNR

Environmental attorneys obtained one of the largest amounts paid into the Department of Natural Resources Damages Fund for damages to a Missouri lake. Sola Group of California agreed to pay \$60,000 as final resolution of a case where lead sludge was dumped, washing into a tributary of the Lake of the Ozarks. In 1994, Sola paid \$375,000 to resolve allegations it improperly disposed of hazardous waste generated at its Eldon plant.

RECOVERIES BY COUNTY

The Environmental Protection Division recovered \$5.7 million in judgments and settlements in 65 counties.



Counties with settlements and judgments providing monies for the state

Contractor penalized

An asbestos abatement contractor in Jackson County agreed to pay a \$12,000 civil penalty to resolve nine regulation violations. Major Abatement and Demolition was placed on two years' probation during which time the Department of Natural Resources can revoke the company's registration if it is issued two or more notices of violation.

Wastewater discharges cost plant \$250,000

An explosives manufacturer was ordered to pay \$225,000 to a local school fund and \$25,000 for equipment to volunteers who monitor the

quality of Missouri streams. Dyno Nobel's Carthage plant was discharging wastewater into a creek while exceeding permit limits for contaminants. Dyno was ordered to construct a wastewater treatment plan.

Tougher permit required

A state appeals court ruled that a company treating railroad ties with the toxic wood-preservative creosote must obtain a more stringent storm water discharge permit for its Reynolds County plant. The ruling affirmed earlier decisions requiring Scott Tie Co. to investigate any contamination at its plant and obtain a site specific permit to control any releases.



**Environmental
Protection
Division**

THE DIVISION

serves as general counsel for the state Department of Labor and Industrial Relations.

**Division
attorneys**

protect state funds and workers' rights by:

■ Enforcing state prevailing wage laws that ensure workers receive prevailing wages.

■ Representing workers before the Missouri Human Rights Commission when they have discrimination claims.

■ Defending the state Second Injury Fund to ensure funds are not wasted and are used to help workers with legitimate injuries. This fund pays supplementary benefits to injured workers.

PREVAILING WAGES

Labor Division attorneys aggressively enforce the state prevailing wage law to ensure workers receive prevailing wages.

In 1998, division attorneys recovered \$25,700 in penalties from companies accused of violating the law. The companies were ordered to pay more than \$10,000 in judgments. Among cases handled:

**Court upholds
prevailing wage ruling**

A circuit court upheld a Labor Commission ruling that pipe installers must be paid more than the laborer's rate, even if the work is done by laborers.

The court favorably noted that the commission was concerned with safety, observing that contractors were more likely to employ higher-skilled workers to install pipe if they must pay higher wages.

Appeals

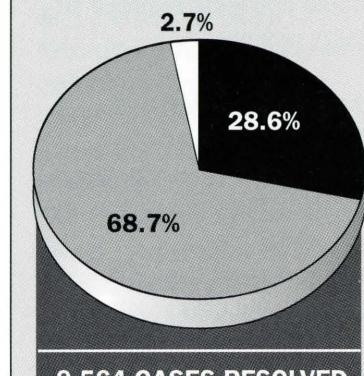
Division attorneys handled nine prevailing wage appeals before the Missouri Supreme Court.

**Construction company
pays \$3,500**

BCE Construction paid \$3,500 in penalties for violating the state prevailing wage law after labor attorneys filed suit. The Springfield company did not pay some workers appropriate prevailing wages and benefits on a public project for the city of Springfield. The company also paid workers \$9,121 in restitution.

**Second Injury
Fund defended**

Labor Division attorneys saved Missouri businesses additional dollars by aggressively defending the state Second Injury Fund. In fiscal 1998, \$27.3 million in benefits was paid and 9,564 cases resolved. The breakdown:



9,564 CASES RESOLVED

■ 2,737 cases settled

**■ 6,567 cases dismissed
by claimants**

**□ 260 cases resolved after
trial by administrative law
judge.** In about half of
these cases, no fund
compensation was
awarded.

Human Rights Commission cases

Labor attorneys handled 15 discrimination cases before the Missouri Human Rights Commission and obtained more than \$27,000 in settlements and awards. Among the cases:

Ruling supports Human Rights Commission

Labor attorneys established that the Missouri Human Rights Commission can subpoena documents while investigating discrimination claims. The appeals court ruling overturned an earlier decision and provided more assistance for Missourians suffering discrimination.

The ruling stemmed from a complaint by an African-American couple alleging Lake Holiday Pool and Park in Imperial refused to tell them who was banned from the park and why.

The ruling allowed the commission to investigate and make decisions about discrimination complaints based on a complete review of relevant records.

Apartment owner to pay \$8,000

The Human Rights Commission found that the owner of an apartment building in the St. Louis suburb of University City discriminated against an African-American couple by refusing to rent to them based on race. The couple's case was presented to the commission by labor attorneys.

Carolena van den Berk was ordered to pay \$8,000 to the couple for racial steering. Racial steering is directing a prospective renter to certain property based on race.

Workers' rights upheld

Labor attorneys obtained \$8,500 in settlements for two workers before the Human Rights Commission:

■ A medical assistant won \$2,500 from her former boss at a House Springs clinic. After quitting, she filed a complaint with the commission accusing the doctor of constantly brushing up against her, touching her and questioning her about sex with her husband.

■ A pregnant restaurant worker won a \$6,000 settlement from El Rancho Truck Stop. The manager refused to let her return to work after she took off a few days because of pregnancy complications.

In Missouri, it is illegal to terminate because of pregnancy. The Cabool truck stop earlier had rejected the woman's offer to settle for \$2,000.



**Labor
Division**

THE DIVISION provides legal defense to state agencies and employees and handles some of the most complex issues facing the state.

**Division
attorneys:**

- Litigate cases that affect millions of Missourians.
- Defend constitutional challenges to state laws and ballot issues.
- Handle legal action from court-ordered desegregation in Kansas City and St. Louis.

■ Sue to recover money fraudulently taken from the state.

■ Defend the state in employment and tort cases.

■ Defend lawsuits filed by state prisoners.

PROTECTING MISSOURIANS

Battle with Blue Cross secures assets for public

Nixon and the state's largest insurer announced the settlement of a four-year lawsuit with an agreement by Blue Cross and Blue Shield of Missouri to create the state's largest charitable health-care foundation to address the health-care needs of the uninsured and underinsured in eastern Missouri.

The settlement is the result of a successful challenge by the state to a 1994 reorganization of Blue Cross which moved nonprofit assets into a newly created for-profit subsidiary, RightChoice Managed Care. Nixon objected the movement of nonprofit assets into a company for private gain and received a favorable ruling from the Cole County Circuit Court in 1996. The ruling was appealed by Blue Cross in 1997.

St. Louis Regional Hospital to receive assets

Litigation attorneys obtained an order requiring St. Louis ConnectCare to receive the remaining assets of the now-closed St. Louis Regional Hospital to improve its ability to serve the indigent and underinsured in St. Louis.

In 1997, the AG's Office and the city of St. Louis filed suit to block Regional from closing its doors as a full-service hospital.

Blue Cross litigation in 1998

■ **Feb. 9:** Nixon sues Blue Cross and Blue Shield of Missouri and its subsidiaries for allegedly overcharging members for copayments. The AG's Office accused the insurer of not passing along to customers discounts it got from hospitals and other providers.

■ **Aug. 4:** An appeals court affirms the state's challenge to the 1994 reorganization of Blue Cross and Blue Shield of Missouri. The appeals court agreed with the lower court's ruling in 1996 that RightChoice, the new for-profit subsidiary, was illegal because it violated Blue

Cross' authority under Missouri nonprofit laws.

■ **Sept. 20:** Nixon joins with the Department of Insurance to announce the settlement and the creation of the foundation, to be funded by the transfer of 15 million shares of RightChoice to cover health-care needs of the uninsured and underinsured. A preliminary settlement had been announced April 22. The settlement is under review by the Cole County Circuit Court.

More Blue Cross action is included in the Consumer Protection Division, page 31.

ENDING COURT-ORDERED DESEG

State's financial obligation ends

Missouri paid the Kansas City school district \$56 million, the final installment of \$320 million the state agreed in 1996 to pay to settle the 21-

year-old desegregation lawsuit.

Later, litigation attorneys filed a motion in federal court asking that the state be released from the lawsuit.

AG's Office recovers \$267,000 in reimbursement from inmates

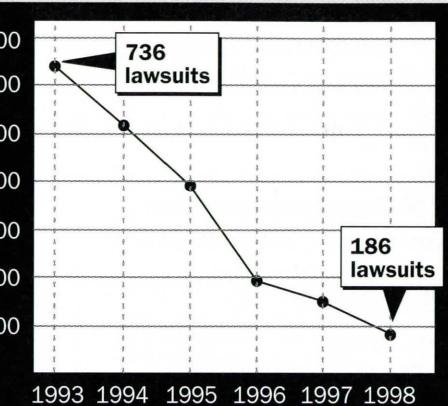
Litigation attorneys obtained \$267,000 from inmates to pay for their incarceration costs.

Reimbursements included:

- **Darryl Gilyard**, serving a life sentence for killing a friend in 1996, paid \$30,720. His payments came from a 1996 settlement.
- **Michael Openlander**, serving five years for drunken driving, paid \$24,964. He had \$70,000 in stock.
- **Michael Lachterman**, serving 60 years for five counts of sodomy and one count of first-degree sexual abuse, paid \$20,179. He had an IRA.
- **James Gerding**, serving 35 years for second-degree murder and armed criminal action, paid \$14,717. He had a bank account and an IRA.

Inmate lawsuits plummet

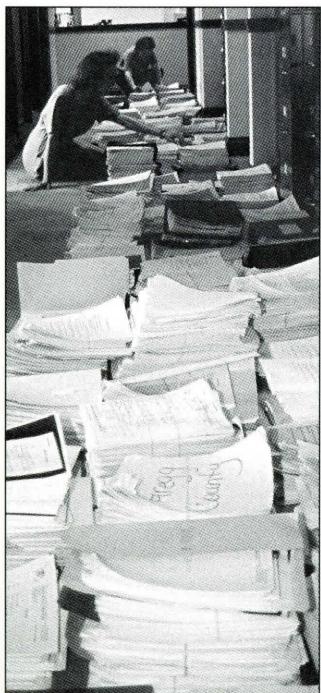
Aggressive defense by Litigation Division attorneys and stricter new laws have slashed the number of inmate lawsuits filed against the state by 75 percent over the last six years.



- **Michael Rice**, serving eight years for deviate sexual assault and sodomy, paid \$14,376. He had an outside bank account.
- **Van Silvers**, serving seven years for one count of second-degree robbery and one count of armed criminal action, paid \$11,675. He was the beneficiary on a life insurance policy.

State law permits inmate recoveries

The Incarceration Reimbursement Act allows the state to recover up to 90 percent of an inmate's assets after obligations to a spouse or children are met. Since 1993, Nixon's office has obtained more than \$832,000 in inmate reimbursements.



Inmates lose, state law upheld

The 8th U.S. Circuit Court of Appeals upheld a 1997 district court decision in which a group of prisoners had challenged a Missouri law that allowed officials to sanction inmates for filing frivolous lawsuits.

The AG's Office had sent warning letters about the new law to inmates who had filed numerous suits, saying they

could be sanctioned if a judge rules their lawsuits are frivolous. The law, proposed by Nixon, was passed in 1995.

Missouri law, combined with tougher federal laws, have reduced the total number of Missouri inmate cases by 75 percent since 1993. During that same time period, the inmate population rose by 52 percent.

Making a case: Paralegals Martha Hagan (left) and Lori Knaebel prepare stacks of legal documents to ship to lawyers representing prisoners who sued the state. Inmates housed in a Texas prison were returned to Missouri after a videotape surfaced showing Texas guards allegedly abusing inmates.



**Litigation
Division**



AG's Office targets abuse, fraud

The Medicaid Fraud Control Unit continued to aggressively prosecute Medicaid cheaters as well as those who abused nursing home residents. Of 50 new cases opened in 1998, five were for patient abuse and neglect and 45 were for fraud. In 1998, individuals and companies agreed to pay nearly \$54,000 in penalties and restitution to Medicaid. Among the cases:

■ Marshall psychologist:

Convicted of five counts of stealing by deceit and Medicaid fraud. The psychologist was sentenced to eight years in prison and ordered to pay more than \$45,000 in restitution, investigative costs and court costs. He billed Medicaid for more than 24 hours of service in one day.

■ Farmington physician:

Pleaded guilty to five counts of Medicaid fraud in St. Francois County. The doctor was placed on five years' supervised probation and ordered to pay more than \$7,000 in restitution, investigative costs and court costs. He also was banned from reapplying for his medical license during his probation. He billed Medicaid for physical exams he had not performed.

**■ Lexington certified**

nurse's aide: Indicted by a grand jury on one count of abusing a nursing home resident and one count of neglecting a resident. He was accused of rubbing soap in a resident's eyes and hitting the resident in his chest as well as leaving unattended a resident who tried to get out of his wheelchair and fell, striking his head on the floor.

■ Lebanon pharmacist:

Pleaded guilty to one count of mail fraud in federal district court. The pharmacist admitted submitting claims to Medicaid for prescription drugs never dispensed. She was placed on five months' home detention.

■ St. Louis County

dentist's wife-office manager: Pleaded guilty to 10 counts of mail fraud, including one count in which she admitted billing Medicaid for dental services her husband did not provide.

■ Boone County

Retirement Center and administrator Patrick Rackers: The Columbia nursing home and Rackers were convicted of two counts of patient neglect.

■ Two Columbia

psychiatrists: Indicted by a grand jury on 12 and 13 counts of Medicaid fraud. They allegedly billed Medicaid for psychotherapy services not rendered.

■ Former Grandview

nurse's aide: Pleaded guilty to abusing a nursing home resident in Jackson County. The former aide allegedly struck an 82-year-old resident with her knee. She received a two-year suspended license, two years' probation and was ordered to perform 80 hours of community service.

Litigation attorneys save state \$3.9 million

Litigation attorneys successfully defended the state in two discrimination lawsuits filed by Burlington Northern and Santa Fe Railway Co.: ■ The railroad accused the State Tax Commission of charging taxes on property moved by railroad while not charging taxes on other property. A favorable ruling for the railroad would have cost the state a \$2.1 million loss in revenue for the 1998 tax year.

■ The railroad accused the Department of Revenue of using taxes paid by trucks to maintain state highways while

railroad taxes went to general revenue, creating a competitive advantage for trucks. A favorable ruling for the railroad would have cost the state \$1.8 million in sales and use tax refunds and a similar amount in unpaid taxes.

Court rules for Education Board

Litigation attorneys successfully defended on appeal the state Board of Education's authority to enact rules. The appeals court agreed with the trial court that a state senator did not have standing to challenge a board rule requiring school districts to report student achievement data by race.

Judges rules for AG's Office in Hancock cases

■ A judge ruled that proceeds from a one-eighth cent conservation sales tax are state revenue for purposes of calculating Hancock refunds. The judge ruled that money in the Conservation Commission Fund, excluding federal funds, are part of total state revenue as defined by Hancock.

■ The Missouri Supreme Court ended a lawsuit by State Auditor Margaret Kelly challenging the size of tax refunds scheduled to go to Missourians. After a three-year legal battle, the courts found she overestimated state revenue by nearly \$2 billion.

The Litigation Division in 1998 provided legal defense in **961** state and federal cases involving some of Missouri's most complex legal issues. Litigation attorneys closed **416** cases. The division was assigned **315** cases.



Litigation Division

THE DIVISION'S
aggressive
action saved
Missouri
taxpayers
millions of
dollars in 1998.
At the same
time, attorneys
continued to
provide legal
representation
for statewide
office holders,
departments and
divisions.

Attorneys also
protect the
safety and well-
being of citizens:
■ As legal repre-
sentatives for
state licensing
boards, they
ensure profes-
sionals such as
doctors and real
estate agents
adhere to state
laws and disci-
plinary rules.

■ Represent the
state in legal
action before the
Public Service
Commission.

■ Take civil
action to enforce
compliance with
state trust laws.
Recoup money
owed to the AG's
Office and other
state agencies.

**1998
ANNUAL
REPORT**

Record \$10.4 million recovered

The Financial Services Unit recovered a record \$10.4 million in collections and judgments for the AG's Office and other state agencies. Since its inception in 1996, the unit has sought collections from defaults on student loans and economic development loans, delinquent audit and lottery commission fees, state reimbursements for day-care facilities, and penalties owed to the Ethics Commission. Among cases handled:

State victim fund receives record \$7.3M

The AG's Office obtained a record \$7.3 million for the state Tort Victim's Compensation Fund from proceeds obtained in a wrongful death lawsuit.

The state was awarded part of the \$30 million judgment won by the family of a pilot against a French helicopter company. James Barnett Jr. was piloting an air ambulance near Kansas City when it lost power and crashed, killing everyone on board.

Under state law, Missouri

can claim part of a punitive damage award when there is a final judgment. It does not apply to settlements.

The fund had contained only \$129,457.

Sweepstakes business to pay \$1.2 million

The nation's largest direct-mail sweepstakes company was ordered to pay \$1.2 million in restitution to 91,000 Missourians under a bankruptcy settlement obtained by the AG's Office.

The multistate settlement

was the largest obtained by any of the 30 states that pursued claims against Direct American Marketers.

Direct American Marketers was banned from mailing solicitations to Missourians after consumer protection attorneys sued the company for deceiving consumers into believing they had won a national sweepstakes. The company urged consumers to call a 900 line to claim checks or other prizes. The call cost consumers more than \$25. Most won a \$1 check.

PROTECTING PUBLIC TRUSTS

Two individuals were ordered to return more than \$800,000 to two charitable trusts:

Lawyer must repay trust

Springfield lawyer Garry Champion, who admitted stealing money from a charitable trust, was ordered to repay \$545,208 to the Edith M. Short Trust. He also was sentenced to 37 months in prison without parole, and must serve three years' probation after his release from prison.

Governmental affairs attorneys had sued Champion, who named himself sole trustee of the trust four days before Short died in 1992.

Former board director pays \$259,760

Former foundation director Ellie Lichtenstein paid \$259,760 in restitution to the Lichtenstein Foundation, a St.

Louis charitable trust.

She surrendered the money after governmental affairs attorneys placed a lien on her Ladue mansion and requested the sheriff to auction it.

In 1996, a court found that she and her sister had engaged in self-dealing and misappropriated funds in their paid positions as foundation directors.

Open and shut cases

The Financial Services Unit closed 43 percent more cases in 1998 than in the previous year. Since the unit's inception in 1996, 477 cases have been shut.

	1996	1997	1998
Cases opened	165	393	323
Cases closed	98	156	223

Professionals disciplined

Through aggressive action, more than 100 professionals' licenses were revoked or suspended by professional licensing boards represented by governmental affairs attorneys. That is double the number revoked or suspended the previous year. Included in that number:

Former acting medical examiner enjoined

A circuit court permanently enjoined a former acting medical examiner in Jackson County from conducting autopsies and from serving as a medical examiner in Missouri. Governmental affairs attorneys had sued Michael Berkland in circuit court and before a state commission for fabricating autopsy reports that showed he had dissected eight brains.

St. Louis broker's license disciplined

John Beaver's real estate license was suspended for one year and his corporate license placed on three years' probation. Beaver, owner of a St. Louis property management company, admitted to numerous regulatory violations, including taking \$40,000 from a property management account.

Dentist's license revoked

A Springfield dentist's license was revoked after governmental affairs attorneys obtained a court order permanently enjoining Carl Braun from practicing in Missouri. The court ruled that Braun posed a risk to patients. Evidence showed that while in an impaired state, Braun passed out after inserting a needle into the nasal cavity of a patient while trying to anesthetize her.

Professional enforcement cases:

Governmental affairs attorneys opened **385** cases and closed **516** cases in 1998.

Governmental affairs attorneys serve as general counsel for these professional licensing boards:

- Board of **Accountancy**
- Board of **Architects, Professional Engineers and Land Surveyors**
- Office of **Athletics**
- Board of **Barber** Examiners
- Board of Licensed **Clinical Social Workers**
- Board of **Cosmetology**
- **Dental** Board
- Board of **Embalmers and Funeral Directors**
- Office of **Employment Agencies**
- **Endowed Care Cemeteries**
- Board of **Geologists**
- Board of Registration for the **Healing Arts**
- **Healing Arts** Advisory Committees
- Board of **Hearing Instrument** Specialists
- **Landscape Architectural** Council
- **Marital and Family Therapists**
- Board of **Nursing**
- Board of **Nursing Home Administrators**
- Board of **Occupational Therapy**
- Board for **Respiratory Care**
- Board of **Optometry**
- Board of **Pharmacy**
- Board of **Podiatry**
- Committee of **Professional Counselors**
- Division of **Professional Registration**
- Board of **Psychology**
- Board of **Real Estate Appraisers**
- **Real Estate** Commission
- **Speech Interpreters** Committee
- **Veterinary** Medical Board



Governmental Affairs Division



DEFENDING THE STATE

State revenue director defended

Governmental affairs attorneys successfully defended the state revenue department director:

- In a case handled on appeal by governmental affairs attorneys, a circuit court ruled a lawsuit filed by the city of Ellisville against the director exceeded the three-year statute of limitations. The city accused the director of misdirecting about \$2 million of local sales tax in St. Louis County in 1987.
- A state appeals court reinstated the director's order suspending a motorist's driving license. In reversing the trial court, the appeals court said evidence showed the driver was younger than 21 and his blood alcohol content exceeded .02 percent, a violation of the state Zero Tolerance Law.

In 1998, the AG's Office handled 140 drivers license revocation cases referred by the state Department of Revenue.

Teaching licenses revoked

Governmental affairs attorneys representing the Board of Education revoked the certifications of five teachers using a state law passed in 1998:

- A St. Louis man: Seven counts of sodomy.
- A St. Peters man: Two counts of deviate sexual assault.
- A Crossroads Correctional Center inmate: Rape and two counts of sodomy.
- A Farmington Correctional Center inmate: Sexual assault and bribery of a public servant.
- A St. Louis man: Sale of a controlled substance near a school.

The law provides for the immediate revocation of licenses of teachers who have been found or pleaded guilty to violent felonies, sexual offenses, offenses against the family, or child pornography offenses.

The law also allows the Board of Education to suspend or revoke licenses of teachers who have been found guilty or pleaded guilty to other crimes involving moral turpitude.

MENTAL HEALTH UNIT

In 1998, the Mental Health Unit opened 537 cases and closed 374 cases.

Attorneys collected \$105,578 and removed 15 individuals who provided direct care to patients with infirmities. The providers were fired for abusing patients physically, verbally or sexually. The abusers were employed by public and private-care facilities around the state.

Board affirms dismissal

A state board affirmed the dismissal of a Marshall Habilitation Center worker fired after she failed for the second time to stay near a mentally retarded resident who tried to eat inedible objects that could cause death. The worker argued her action was justified because she needed to watch a video about a new sick leave policy since she had a problem abusing the old policy.

Circuit court upholds abuse ruling

Following arguments by governmental affairs attorneys, a circuit court affirmed the decision of a Department of Mental Health hearing officer that a former employee of the Cerebral Palsy Foundation of Greater Kansas City had sexually abused a mentally retarded man in his care.



OFFICE OF ATTORNEY GENERAL
JEREMIAH W. (JAY) NIXON

P.O. Box 899
Jefferson City, MO 65102
573-751-3321
<http://www.ago.state.mo.us>

